Rental Integrity Monitoring (RIM) Guide
Public Housing (PH) and Housing Choice Voucher (HCV) Programs

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<u>**Appendices**</u>

Part I. Introduction and Purpose

Rental Integrity Monitoring (RIM) reviews are but one strategy in a larger, HUD-wide effort to reduce income and rent errors and improper payments in the administration of both the public housing and Section 8 programs – known as the Rental Housing Integrity Improvement Project (RHIIP). In this document, we offer a brief overview the RHIIP initiative, as well as the study that offered the impetus for much of RHIIP – the Quality Control for Rental Assistance Subsidies Determinations study.

The purpose of RIM reviews is to establish whether and to what extent public housing agencies (PHAs) are accurately, thoroughly and clearly determining family income and rent in the public housing program and the Section 8 housing choice voucher program. The primary objectives of the RIM reviews are:

    a. Detect and reduce errors in income and rent calculations at targeted PHAs;

    b. Reduce rent underpayments and/or overpayments by residents; and

    c. Maximize HUD's limited housing resources thereby assuring maximum participation in HUD's housing programs by as many low-income families as feasible.

To the extent possible, RIM reviews also seek to track the specific dollar impact of income and rent discrepancies. Specifically, a RIM review seeks to measure the dollar impact of correction of identified income and rent deficiencies at targeted PHAs.

Accurate income and rent determination is a *process* at a PHA, not simply a set of calculations. This process involves several inter-connected and detailed determinations and actions. HUD reviewers will need to employ a number of different actions, activities and strategies designed to gather information about all of the various aspects of income and rent performance at a specific PHA. The information gathered represents a base of income and rent knowledge about the PHA, but gathering the information is only an interim step. HUD reviewers will then analyze the information in order to draw a number of conclusions about PHA income and rent performance, using the information gathered as supporting evidence for those conclusions.

Ultimately, the conclusions reached through the RIM income and rent review process should result in a report to the PHA, outlining specific errors and discrepancies identified in the review. The HUD field office will then track PHA progress in correcting the identified discrepancies, provide technical assistance as needed, and ensure that all income and rent findings and errors are corrected.

The purpose of this **RIM Guide** is to aid the HUD reviewer(s) in conducting an on-site monitoring review of a PHA's public housing and Section 8 housing choice voucher programs, targeted specifically to errors in income and rent. The Guide offers a specific set of activities and questions that the reviewer(s) can use to prepare for, conduct and organize the results of a targeted RIM review at a specific PHA. The Guide provides several tools organized to offer HUD reviewers a structured and systematic approach to monitoring PHA income and rent determinations, with flexibility to use any number of actions and strategies listed, or to add additional or alternative actions as the reviewer sees fit. The tools are designed to allow the HUD reviewer to exercise judgment and tailor the effort to the specific circumstances of the PHA.

Part II.   The "Quality Control for Rental Assistance Subsidies Determinations" Study

A. Background

In June 2001, HUD's Office of Policy Development and Research (PD&R) issued the **Quality Control for Rental Assistance Subsidies Determinations** study. This study provides national estimates of the extent, severity, costs, and sources of rent errors for three program types:

- Public Housing

- PHA-administered Section 8 programs (HCV, Certificates and Moderate Rehabilitation)

- Owner-administered Section 8 programs (New Construction, Substantial Rehabilitation, Property Disposition and Loan Management)

Data for the study was collected during May through August 2000. On-site tenant interviews, file review, and independent third-party income verifications were conducted by an independent contractor for a nationally representative sample of families who receive public housing and Section 8 assistance. Using these data and adhering to all HUD requirements, the Department made income, rent, and subsidy determinations based on adherence to all HUD guidelines. These determinations were then compared to those made by local public housing and Section 8 project staff.

A quality control rent was calculated for each household in the study, using the information reported by the household and verified. The quality control rent was then compared to the actual tenant rent (the rent from the HUD Form 50058) to determine if there were any discrepancies. For purposes of the study, an "error" was defined as any rent calculation or eligibility determination that differed from what would have occurred if the PHA had followed all HUD income certification and rent calculation requirements during the most recent income certification/recertification. A discrepancy of $5 or less between the actual and QC rent was not counted as an error. This was done to eliminate minor calculation discrepancies that have little impact on program-wide subsidy errors.

The study found that substantial errors were being made in the income and rent determinations that set the subsidies HUD pay on behalf of families who receive public housing and Section 8 program assistance. It estimated that, due to a variety of income calculations and other errors, over $600 million in annual rent overpayment were made and that rent underpayment were $1.7 billion-nearly three times as much as overpayments.

The results of the study allowed the Department to identify the most serious errors, their costs, and their apparent causes. The study formed the basis for many of the corrective actions that are now being developed, including the RIM reviews discussed in this guide.

B. Major Error Findings

The analysis of tenant files, tenant interview, and income verification data indicates that:

- 34 percent of all households paid at least $5 <u>less</u> than they should (with an average error of $95)

- 44 percent of all households paid the correct amount of rent within $5 (32 percent paid exactly the right amount)

- 22 percent of all households paid at least $5 <u>more</u> than they should (with an average error of $56)

The percent of error (or error "rate") varied by program type. Error rate was calculated by dividing the sum of the dollar amount of gross rent error (i.e., differences in excess of $5 between actual and QC rents) by the sum of the dollar amount of the QC rent. The following chart summarizes this information.

Rent Error by Program Type

Program	Rent Underpayment (Subsidy Overpayment)	Rent Overpayment (Subsidy Underpayment)
Public Housing	33%	20%
PHA-Administered Section 8	42%	20%
Owner-Administered Section 8	27%	25%
Total	34%	22%

Regarding the overall dollar error impact of rent errors, major findings were as follows:

- ***Rent Underpayments of Approximately $1.7 Billion Annually.*** For tenants who paid less monthly rent than they should pay (34 percent), the average monthly underpayment was $95. For purposes of generalization, total underpayment errors were spread across all households (including those with no error and overpayment error) to produce a program-wide average monthly underpayment error of $32 by the approximately 4.3 million units represented by the study sample results in an overall annual underpayment dollar error of approximately $1.7 billion per year.

- ***Rent Overpayments of Approximately $.6 Billion Annually.*** For tenants who paid more monthly rent than they should pay (22 percent), the average monthly overpayment of $12. Multiplying the $12 by the approximately 4.3 million assisted housing units represented by the study sample results in an overall annual overpayment dollar error of approximately $634 million per year.

- ***Net Overall Gross Rent Error of $1.04 Billion Annually.*** When combined, the average *gross* rent error per case is $44 ($32+$12). Overpayment and underpayment errors partially offset each other. The *net* average rent error is $20 ($32-$12). HUD subsidies for Public Housing and Section 8 programs equal the allowed expense level or payment standard minus the tenant rent. This means that rent errors have a dollar-for-dollar correspondence with subsidy payment errors. The study found that *net* subsidy cost of the under- and over-payments was approximately $1.04 billion per year ($1.669 billion - $.634 billion).

C. Sources of Errors

For purposes of the study, rent errors were divided into two separate categories:

1. Administrative Errors

Administrative errors are primarily errors in procedures and include calculation errors, transcription errors (e.g., tenant file documentation does not match HUD 50058), failure to recertify on time and failure to verify information. The two most common administrative errors were **calculation errors** and **failure to verify and make use of verified income and expense information**. The following table provides the Gross Rent Error and Net Rent Error for households with each type of administrative error:

Administrative Error

Error Type	Gross Rent Error			Net Rent Error		
	% Households in Error	Average Dollars in Error	Standard of Error of Mean	% Households in Error	Average Dollars in Error	Standard of Error of Mean
Transcription Errors	50%	$12	$2.87	50%	- $6	$3.09
Calculation Errors – Allowances	8%	$26	$13.37	8%	- $17	$13.99
Calculation Errors – Income	3%	$10	$4.69	3%	$2	$5.02
Calculation Errors – Other	23%	$18	$6.04	23%	- $8	$6.34
Overdue Recertifications	6%	$9	$3.53	6%	$4	$2.84
Any Administrative Errors	64%	$12	$2.70	64%	- $5	$2.88

2. **Component Errors**

Component errors are errors in the specific income and expense components used to calculate rent. Component errors usually result when PHA staff do not conduct a thorough tenant interview or do not verify the information obtained during the interview.

Income and deductions were by far the most significant sources of error in determining rent. The following table provides the frequency of the most serious component errors and the average error for the component for households with the same type of error:

Rent Error by Component

Rent Component	No of Households	% of Households	Average Dollar Amount
Earned Income	647,000	26.9%	$6,641
Other Income	289,000	12.0%	$3,853
Pension, etc., Income	326,000	13.6%	$3,701
Asset Income	103,000	4.3%	$3,450
Public Assistance	227,000	9.4%	$2,816
Child Care Allowance	75,000	3.1%	$2,333
Medical Allowance	360,000	15.0%	$1,157
Dependent Allowance	112,000	4.7%	$1,060
Disability Allowance	2,000	0.1%	$600
Elderly/Disabled Allowance	85,000	3.5%	$400
No Component Error	180,000	7.5%	$0
Total	2,406,000	100%	$3,472

Part III.   The "Rental Housing Integrity Improvement Project" (RHIIP)

A. Background

Early in 2001, HUD took an important step to improve the effectiveness of its rental housing assistance programs through implementation of the Rental Housing Integrity Improvement Project (RHIIP). The results of the **Quality Control for Rental Assistance Subsidies Determinations** study provided the impetus for much of this effort.

RHIIP is a priority Secretarial initiative designed to reduce income and rent errors and improper payments in the administration of both the public housing and Section 8 programs. RHIIP supports the Presidential mandate that requires federal agencies to reduce costly program errors and seeks to address the following HUD oversight findings made by 3 (three) federal entities:

- The U.S. General Accounting Office (GAO) has included HUD's housing assistance programs as one of 22 (twenty-two) "high risk areas" designated in the federal government.

- The elimination of errors and improvement of controls in HUD's rental housing assistance programs is a key Office of Management and Budget (OMB) and Congressional oversight issue.

- HUD's Office of the Inspector General (OIG) has identified material weaknesses in HUD's oversight of the verification of tenant income used in computing rents and subsidy and the rental calculation process.

RHIIP represents a shift in focus from back-end error detection and correction efforts, to more proactive front-end program improvements and controls designed to reduce errors by addressing the root causes of many income and rent errors in public housing and Section 8 programs. RHIIP is designed to take a comprehensive approach that identifies the best methods of reducing these errors and takes actions that better assure that "the right benefit goes to the right person" and that HUD's limited program funding serve as many low-income households as possible.

RHIIP has a goal to reduce errors in HUD's public housing and assisted programs by *15 percent in 2003,* by *30 percent in 2004,* and by *50 percent in 2005*.

B. RHIIP Activities

RHIIP will approach income and rent error detection and correction from several different angles using complementary strategies:

1. **Program Requirements:** RHIIP will compile, document and analyze existing statutory, regulatory and other rental housing subsidy program requirements for rent and subsidy calculations for purposes of:
   - Documentation of existing requirements and improving documentation available to PHAs and tenants

   - Developing viable proposals and implementation plans for statutory, regulatory and administrative streamlining and simplification

   - Issuance of updated Handbooks and Guidebooks reflecting all current occupancy requirements and processes for public housing and Section 8 program implementation

   - Developing viable proposals and implementation plans for more effective program incentives and sanctions

   - Providing materials and training on improved program documentation and process changes for PHAs and HUD staff

2. **<u>System Development and Implementation</u>:** RHIIP will develop and implement automated tools and processes in support of rent calculations and subsidy billings, to strengthen internal controls over both PHA program administration and HUD program oversight: Strategies include:

   - Development and implementation of web-accessible, user-friendly software that enables PHAs to correctly calculate rents and subsidies.

   - Development and implementation of an automated payment validation process that compares PHA billings with tenant and other program systems information for pre-payment and post-payment verification purposes.

3. **<u>Quality Control and Error Measurement</u>:** RHIIP will develop more effective processes for measuring, monitoring and reducing errors in subsidy payments that are due to PHA rent calculation and billing errors, as well as tenant underreporting of income. Strategies include:

   - Development and implementation of a comprehensive rental subsidy program error measurement methodology, covering errors in rent calculation and underreporting of income, with baseline and periodic measures of progress in reducing error rates.

   - Development and implementation of an ongoing quality control review process that addresses all major categories of PHA and tenant error, and systematically targets high risk PHAs and tenants, with appropriate actions on deficiencies disclosed.

   - Development and implementation of cost-efficient and effective data sharing efforts with independent sources of tenant income data, to improve inputs to PHA rent and subsidy determinations, and after-the-fact verifications of the integrity of tenant reporting and PHA billings.

As can be seen, the RIM review process outlined in this guide is simply one of the many RHIIP activities that will be used to address the detection, correction and reduction of income and rent errors in assisted housing programs.

Part IV.   Rental Integrity Monitoring Review Process

This section of the Guide focuses on the actual RIM income and rent review process, providing detail on the selection of PHAs for RIM reviews, preparing for and conducting the reviews, and follow-up to ensure correction of income and rent deficiencies identified in the reviews.

A. Selecting PHAs for RIM Quality Control Reviews

Guidance on selection of PHAs for RIM monitoring reviews, including risk assessment, is found in the June 7, 2002, Memorandum for Public Housing HUB Directors from Michael M. Liu, Assistant Secretary, Office of Public and Indian Housing, Subject: **Rental Housing Integrity Improvement Project (RHIIP) Monitoring Reviews**.

Based on memorandum, Public Housing Directors are to use the existing PIH risk model, especially those PHAs who are SEMAP and PHAS-troubled, to assist in determining those PHAs most likely to have serious rent and income errors. SEMAP Indicators No. 3, No. 9 and No. 10, information from PD&R's Quality Control for Rental Assistance Subsidies Determinations study on income errors, and REAC large-scale match data for 1998 and 1999, should supplement this model.

B. Key RIM Quality Control Review Issues

1.   Income, Rent and PHA Management of the Occupancy Function

Income and rent determinations, whether public housing or HCV, are not simply a series of mathematical calculations. Income and rent determinations are part of the larger occupancy *function* at the PHA, whose overall objective is to deliver limited housing resources to qualified families. Every PHA must design policies, procedures and processes to manage this function.

The occupancy function at a PHA is an inter-related set of responsibilities that include:

- PHA organization and staff who serve applicants/tenants; training and support given to those staff, etc.
- Policies – Admissions and Occupancy Policies for public housing; Administrative Plan for HCV
- Applicant intake policies/procedures
- Waiting list management policies/procedures
- Initial certification/reexamination of income
- Dissemination of information to applicants/tenants
- Verification of Income (upfront and/or third party)
- Software programs that automate the occupancy management process, income and rent calculations, etc.
- Interview tools used to identify family circumstances, sources of income, etc.
- Submission of required information to HUD, including HUD-50058 data.

Each PHA may handle these responsibilities differently within their organization. In conducting a targeted RIM review focused on income and rent, one must understand how a particular PHA manages the occupancy function. Understanding the PHA's occupancy policies, procedures and processes, and how these pieces fit together into the larger occupancy function, may be the key to detecting income and rent errors at the PHA and understanding their underlying causes.

Occupancy function management issues to consider during the RIM quality control review:

a. What is the **skill level and competency** of PHA occupancy staff conducting application and reexamination interviews, conducting income and rent determinations? Does staff understand and appropriately apply current program terms, regulations and requirements?

b. Does the PHA have an adequate **training program** for occupancy specialists? Have occupancy staff been trained on changes in the law pursuant to QHWRA, the revised HUD-50058, PIC/MTCS, etc.?

c. To what extent has the PHA developed **internal quality control systems** (e.g., supervisory review systems) as a "check" on income and rent determinations? Quality control systems need not be very elaborate to be effective. The most frequently implemented quality control is to have a supervisor or the most knowledgeable occupancy person rework a sample of cases performed by other staff. In situations where there are only one or two occupancy persons or where there is no experienced staff, the PHA could review a few cases with an experienced PHA or with HUD Field Office staff.

d. Do PHA **occupancy policies** on admissions, reexaminations, interim reexaminations, income determinations, and rent calculations reflect changes in the law pursuant to QHWRA? Do policies reflect the actual practices implemented by the PHA?

e. What role do **PHA "job-aids"** play in the occupancy management and income/rent determination process? Do PHA forms, worksheets, guides, etc., accurately reflect current program requirements? Do they result in accurate income and rent determinations?

f. The processes for **accepting and processing applications**, scheduling and processing reexaminations, conducting interviews, gathering necessary information, etc., are crucial for successful income and rent determinations. The study estimated that roughly 45 percent ($753 million) of the total rent underpayment errors detected by the study could be attributed to income or expense items that were *not known* to the PHA but were discovered as a result of the QC study process. Most of the new income or expense items identified in the QC study process were identified through interviews with tenants rather than third-party verification. This information indicates that a complete detailed interview – simply asking the right questions of the applicant or tenant family – will identify additional sources of income and expenses, and result in a more accurate rent calculation.

g. Like most organizations, PHAs generally use some form of **computer software** or **computer programs** to automate management processes. Because of the detail and complexity of occupancy requirements and the requirements for submission of HUD-50058 data into PIC/MTCS, the occupancy function is a prime candidate for computerization. The HUD reviewer should examine PHA processes for managing the occupancy function via computer software programs. Request PHA staff to "walk" through the system, describing and explaining the various data screens, data input requirements, system-generated reports, etc. Ensure that the system handles occupancy requirements appropriately, and that PHA staff understand how and why their system handles occupancy data as it does.

2. **Verification and Documentation**

Verification and documentation of information is a critical issue that cuts across all areas of occupancy. All information relevant to the tenant family must be verified by the PHA and documented in the tenant family's file. Effective and efficient PHA performance in this area is fundamental to accomplishment of the core objectives of the occupancy function, especially income and rent determination.

In the area of income and rent, there are few HUD prescribed sources of documentation. For the most part, the PHA must develop criteria for acceptable forms of verification for income sources, exclusions from income, deductions from income, etc. Through its policies – Admissions and Occupancy policies for public housing; Administrative Plan for HCV – the PHA outlines the criteria for verification and documentation of this information.

Documentation and verification is a joint responsibility of the both the PHA and the applicant or tenant family. Any information related to a family's eligibility for assisted housing, as well as the family's income and rent level, must be verified and documented. The family must cooperate with the PHA in this endeavor, providing the necessary documentation and paperwork required by the PHA, signing the necessary release of information forms to enable the PHA to contact other agencies, employers, etc., regarding the family's status, and being responsive and forthcoming with information requested by the PHA.

The reliability and acceptability of verification and documentation generally follows a hierarchy, from most reliable to least reliable:

1st: **Third-party, written verification:** Independent, third-party, written verification should always be used whenever possible because it generally provides the most reliable data.

Documentation should come directly from the third-party (employer, social service agency, welfare provider, etc.), by mail, fax, or some other reliable means. This also includes information obtained via electronic means, computer-matching, and other forms of *up-front* verification.

2nd: **Third-party, oral verification:** Where written verification is impossible or not timely, oral verification with the independent third-party may also be used. This could be via phone or interview by PHA staff.

A written record of this contact should be prepared by the PHA, including date/time of contact, name and source of information, PHA staff person, summary of information provided and the rationale for using oral verification. Where written verification was not timely, the PHA should follow-up with the third-party to obtain written verification as soon as possible.

3rd: **Document Review:** Tenant file documentation may include a record of documents reviewed by PHA staff which support the family's statements.

If possible, original copies (not photocopies) of supporting documents should be reviewed, though the PHA should photocopy the document (unless prohibited by law) and place it in the applicant's file. PHA staff reviewing the document(s) should prepare a summary of the information and sign/date this summary. This summary should include the rationale for using document review as verification and again, if possible, the PHA should follow-up with the third-party to obtain written verification later.

4th: Family Declaration or Certification: Only when all other forms of verification are impossible, the PHA could obtain a notarized statement or signed affidavit from the family, attesting to the accuracy of the information provided.

> The applicant's file should be clearly documented to show why other forms of verification were impossible. This type of documentation should rarely be used and should certainly not be used merely for the convenience of the applicant or the PHA, or where the applicant cannot provide the necessary information.

PHAs should <u>always</u> seek third-party, written verification first. This would include *up-front* verification (discussed later). Where third-party, written verification is not possible, not available, impractical to obtain, etc., the PHA might accept lesser reliable forms of verification, with clear rationale for the use of lesser verification methods.

PHAs should establish reasonable time limits on the "age" of documentation sources. Generally, documentation that is more than 90-120 days old should be considered not "timely" and new documentation should be obtained. However, regardless of the relative "age" of any particular piece of documentation, the PHA must have reasonable confidence that the documentation is accurate prior to taking any action that relies on the accuracy of that documentation. Time limits obviously would not apply to verified circumstances that would not necessarily change over time (date of birth, social security numbers, citizenship, etc.).

Verification and documentation of information is addressed throughout the RIM quality control review materials. In the tenant file sample review process, as the HUD reviewer examines each piece of information in the tenant file using the appropriate checklist, the reviewer is expected to assess the type and quality of the verification process and documentation used by the PHA. For any given piece of information, the HUD reviewer is asked to determine whether the information being reviewed is "properly verified and documented." In making this assessment, the reviewer should consider the following:

a. How does the information in the tenant file reflect the PHA's own policies and procedures for verification and documentation? Is there consistency between the actual verification/documentation you see in the tenant file and the PHA's own policies and procedures for verification?

b. Are there standard release forms used; standard letters sent to verification sources; standard forms used to record verified information? Are standard verification forms clear; gather the appropriate information; comprehensible to the verification sources?

c. Review the consent or waiver forms signed by the applicants and tenant families. The forms should include all of the various methods that are presently used or anticipated to be used to verify income. Does the PHA explain and provide to residents/applicants completed copies of all documents they are required to sign?

d. Does documentation of similar information vary widely and inconsistently from one tenant file to another, possibly reflecting different approaches or procedures used by different occupancy specialists?

e. Do tenant files reflect the use of independent, third-party, written documentation? Do the files show that the PHA consistently uses some lesser form of documentation (oral verification, signed declarations by the family, etc.) that may reflect a systemic weakness in the PHA's verification processes? Are there pieces of documentation missing?

f. Is there clear agreement between the file documentation and the actual decisions and determinations made by the PHA? Is the PHA actually using the documented information they receive? Is the PHA misinterpreting specific types of documentation? The study found that failure to use verified income and expense amounts was highly correlated with rent determination error, and that there is significant room for improvement in actually using the verifications that are obtained, which are often collected consistent with procedures but then filed and never used. For example, in the area of income documentation and computation, does the PHA compute income and deductions based on one set of specific dollar amounts and rates, while the actual documentation indicates that different dollar amounts or rates should have been used? Where there is no clear agreement, does the PHA offer any explanation for the discrepancy or any clarification of how the documented information was used in the calculation?

Beyond specific tenant files, the HUD reviewer should examine PHA processes for verification and documentation, again as part of the overall PHA management of the occupancy function. PHAs should explore as many third-party verification resources in their state and local community as possible. This includes technological and electronic availability of information, computer-matching, etc.

A critical issue to consider in RIM reviews is the extent to which the PHA has implemented *up-front* techniques for tenant income verification. The study found that, even when applicant and tenant interviews are thoroughly conducted, families may not disclose all sources of income. The use of *up-front* techniques should greatly reduce the error rate in applicant/tenant income reporting, verification of information by PHAs, rent calculations, and can be an effective tool for detecting unreported sources of income and assets. PHAs that use *up-front* verification techniques make it a practice to notify applicants and tenants that this method will be used to clarify or recheck reported applicant/tenant income and to identify potential discrepancies. This step is critical to reduction in applicant/tenant fraud.

There are various resources available for PHAs to consider when conducting *up-front* verification. Resources may vary from state to state. They include:

a. **TASS:** TASS matches Social Security (SS) and Supplemental Security Income (SSI) to comparable tenant data from MTCS and TRACS databases. HUD provides Internet-based access to SS and SSI benefit information. Each month, HUD extracts tenant data from MTCS and TRACS for families with initial examinations or reexaminations completed 8 to 9 months prior to the current month (i.e., for families who will be reexamined in 3 to 4 months). The SS and SSI reports are placed on the Internet on or about the 15th to the 20th of each month. This matching effort provides quick and easy verification of SS and SSI benefits, and provides information on individuals who have unreported or underreported SS or SSI benefits. Further information can be found at
http://www.hud.gov/reac/products/tass/tass_guide_ssi.html.

b. **State Wage Information Collection Agencies (SWICAs):** SWICAs (often a part of the State's Department of Labor) are a source of information on employers and reported wages. SWICAs must share data with PHAs upon request and on a reimbursable basis only to officers and employees of HUD and to representatives of a PHA based on Section 505(i) of the Social Security Act. SWICAs can disclose wage information, and whether an individual is receiving, has received, or has made application for, unemployment compensation, and, in some states, disability, and the amount of any such compensation being received (or to be received) by such individual. A Memorandum of Understanding (MOU) is usually required between the PHA and the SWICA before information can be shared. The SWICA can charge the PHA a fee for providing the information. Some states share data electronically and others share data through paper requests. For more information see
www.loc.gov/global/state/stategov.html to obtain links to State government web sites.

c. **Credit Bureau Association (CBA) Credit Reports:** The CBA Credit Profile is derived from the Experian consumer credit database. The credit profile contains public record information, credit relationships, inquiries, and demographic information. CBA also provides subscribers with a list of names and addresses associated with a social security number. The service automatically verifies if the input social security number is valid and has been issued. PHAs can use reports from the CBA as a way of screening applicants to determine their credit history and ability to pay their rent. See www.CBAinfo.com for more information on credit reports.

d. **The Work Number:** The Work Number is an automated service that provides controlled access to a national database of almost 40 million employment and income records. When an applicant applies for aid and lists a current or previous employer, the State or Federal agency can have automated access to that information, provided the employer's records are part of The Work Number. The Work Number can help eliminate the need for PHA employees to process multi-page verification forms, while providing quick and accurate employment and wage information. Once signed on with the service, PHAs can perform wage and employment verifications with The Work Number by calling a toll-free phone line (**call 1-800-996-7566** for specific instructions) or by using the Internet at www.theworknumber.com. The Work Number will provide the information to public agencies free of charge, but the turn around time is not as quick as using the fee-for-service method.

e. **Internal Revenue Service (IRS) Letter 1722:** An IRS Letter 1722, also known as a tax account listing, shows the applicant/tenants filing status, exemptions claimed, adjusted gross income, taxable income, taxes paid, etc. Individuals can obtain their own listing by calling the IRS at **1-800-829-1040.** PHAs can inform residents that this would be an acceptable form of third party verification.

3. <u>**Consistency between HUD-50058/MTCS Data and PHA On-site Records**</u>

Review of HUD-50058 data is an important factor in ongoing HUD monitoring of PHA performance. Such data is also critical to the income and rent quality control review process.

- HUD-50058 data is used in pre-review, in-office preparation for an income and rent quality control review, to identify aggregate income and rent issues for the PHA. The data is also used to help identify and select specific tenant files to be included in the on-site review. The HUD reviewer is also instructed to "pull" HUD-50058 data from MTCS for each tenant family included in the file review sample, and to use that data to cross check with the tenant file source documentation.

- On-site, information gathered through tenant file reviews should be in complete and total agreement with the HUD-50058 data submitted for that family. For each tenant family in the file sample, the HUD reviewer should compare tenant file information with HUD-50058 records for the family to ensure consistency.

The HUD reviewer is also asked to examine the PHA's processes for gathering and submitting HUD-50058 data, to ensure the accuracy and integrity of the process. This includes a review of the PHA's reporting rate, as well as internal quality control procedures implemented by the PHA.

As noted in the **Quality Control for Rental Assistance Subsidies Determinations** study, the HUD MTCS data system checks the rent calculations on form 50058. For tenants for whom data are submitted (and corrected when necessary), the system would virtually eliminate rent determination calculation errors for the items listed on the forms. However, as the study notes, not all tenant information is submitted to MTCS and some incorrect information returned to PHAs are not corrected.

C. Pre-Review Preparation

Prior to the on-site visit, the HUD reviewer should research information available in the HUD office. This in-office information is used to gain a better understanding of the income and rent process at the PHA and to help focus the on-site monitoring effort. Pre-review, in-office information can also save valuable on-site review time.

Part V. includes guidance on pre-review preparation, both for public housing and for HCV, listing the major sources of PHA income and rent information available to HUD staff in the HUD office. **Part V.** is structured as a checklist and may be used to record and document activities undertaken to prepare for the on-site income and rent review and to note any issues for follow-up and review while on-site. Key pre-review preparation activities include:

1. **In-office Resources** – Review of a few key resources available in the HUD office, including:
    a. PHA Annual Plan
    b. PHA policies (if available)
        - Admissions and Occupancy Policies for public housing;
        - Administrative Plan for Section 8 vouchers
    c. Prior reviews and audits, including HUD reviews, IPA audits, IG audits, etc.
    d. General HUD office files, with information on tenant complaints, specific questions raised by PHA staff and technical assistance provided, etc.

2. **PIH Information Center (PIC) / Multifamily Tenant Characteristics System (MTCS)** – Review of income and rent information found the MTCS module in PIC. The HUD reviewer should examine MTCS reports for the PHA to identify specific income and rent-related issues, particularly income and rent discrepancies. Where discrepancies are noted, specific tenant families should be identified as candidates for the on-site tenant file sample review.

3. **Reference Materials** – A number of reference materials that the HUD reviewer should gather prior to the on-site review. These materials include current income limit schedules, fair market rent schedules, and relevant HUD regulations, notices and guidebooks. The HUD reviewer should have these materials "on-hand" during the on-site portion of the review.

4. **Preparing for the Tenant File Sample Review** – Activities which the HUD reviewer should complete in-office, prior to the on-site review, to prepare for the tenant file sample review on-site. The emphasis is on using the **Ad Hoc** module under PIC, to the extent possible, to pull targeted lists of tenant families (based on MTCS data). These lists can be used to identify the actual tenant file sample to review while on-site. In addition, HUD-50058 data should be pulled for selected tenant families and used as a cross-check of information found on-site in the tenant files

D. On-Site Monitoring Activities

On-site at the PHA, the HUD reviewer will conduct several activities designed to gather PHA income and rent information, identify income and rent errors, assess PHA policies and procedures and to analyze income and rent errors to establish root causes and corrective actions necessary.

Part VI. is designed to aid the HUD reviewer in conducting the on-site portion of the RIM quality control review.

1. Tenant File Sample Review

The key on-site activity is the review of a sample of tenant files. The actual tenant file records to be selected and reviewed during the on-site review should have been identified during pre-review preparation. However, the ability to select the tenant file sample prior to the on-site visit will depend on the accuracy and reliability of PIC/MTCS information for the PHA. Where PIC/MTCS information is inadequate, the HUD reviewer may be unable to select the entire file sample at the HUD office via PIC/MTCS. In this case, the HUD reviewer may need to request lists of tenants from the PHA in order to select the sample prior to the on-site visit.

Once on-site, the HUD reviewer may find that additional file samples, beyond the regular sample of current tenant files, are necessary to get a complete picture of PHA income and rent determinations. Additional files could include current applicant files, rejected applicant files, terminated tenant files, tenant files where the PHA has taken lease enforcement actions related to income and rent, among others.

To aid the HUD reviewer in reviewing tenant files, three tools have been developed. All are found as Appendices to the RIM Guide:

a. Appendix A: Tenant File Review Checklist – PH/HCV

The checklist is designed to guide the HUD reviewer through a review of a public housing or Section 8 HCV tenant file and to document the results of the review. The checklist also includes space to record discrepancies (if any) between PHA-determined amounts and HUD-calculated amounts.

b. Appendix B: Tenant File Review Checklist Instructions

The checklist instructions serve as a reference to assist the HUD reviewer in understanding each piece of information included in the tenant file review as well as the determinations and conclusions to be made when examining the information. The instructions offer a detailed, line-by-line reference for use with the checklist, organized to correspond with the format of the checklist. For each line of the checklist, guidance is offered on the type of information to look for in the file, issues to consider, determinations to make, etc.

c. Appendix C: Tenant File Review Checklist Worksheets

Where tenant file income and rent calculations are confusing or unclear, use the actual HUD-50058 for the family as the first option for clarification. Where the HUD-50058 is unavailable, the reviewer may use a blank copy of the HUD-50058, or may use **Appendix C: RIM Tenant File Review Checklist Worksheets** to manually calculate and cross-check various aspects of income and rent, based on the file documentation. Worksheets are organized to correspond to the checklist section titles.

The tenant file sample should be reviewed early in the on-site review process, because the file review results will be combined with information gathered from other monitoring activities as part of an overall, PHA-wide analysis of income and rent determinations. The tenant file review results are the key pieces of evidence upon which many of the review conclusions will be based.

While the tenant file sample review is the key on-site information-gathering activity, the file sample offers only a snapshot of PHA actions relative to a small number of tenants. There are many other aspects of the PHA's operations, policies and procedures that the HUD reviewer must examine and analyze in order to get a complete picture of PHA income and rent determinations. The remainder of **Part VI.** offers several approaches and strategies for monitoring income and rent issues at a PHA.

2. **On-site Monitoring Topics**

   The remainder of **Part VI.** identifies PHA responsibilities related to income and rent determinations and groups them into nine different topics or categories.

   - Admissions and Occupancy Policies Review – Public Housing only

   - Administrative Plan Review – Section 8 HCV only

   - Payment Standards

   - Accepting and Processing Applications

   - Income

   - Rent – Public Housing only

   - Rent and HAP – Section 8 HCV only

   - Reexaminations

   - HUD-50058 and MTCS

   Each of the sections may be used as a separate checklist to record and document the activities undertaken for review of that topic. Within each section, on-site monitoring activities include both **monitoring actions** for the HUD reviewer to do on-site, and **monitoring questions** for the HUD reviewer to answer regarding PHA income and rent performance and compliance. The questions represent basic, fundamental PHA activities required in order to fulfill income and rent responsibilities in that particular topic area. The questions are structured as "Yes / No / Unclear" questions. The aim is for the HUD reviewer to be able to reach a conclusion that the PHA is or is not fulfilling its responsibilities, performing at an acceptable level and complying with applicable HUD requirements.

   Ultimately, the aim of a RIM review is to determine whether a PHA is or is not managing the income and rent function effectively, efficiently and in compliance with applicable federal requirements. Where PHA performance is deficient, the review should identify the areas of deficiency, underlying causes for deficient performance, and corrective actions needed to improve performance. This requires the HUD reviewer to gather information from a variety of sources, analyze the information and, using the information and analysis as supporting evidence, draw broader, overall conclusions about PHA performance.

Given the relatively limited nature of a RIM income and rent review, it may be difficult to reach a definitive "Yes / No" conclusion in any particular area of monitoring without a number of caveats and exceptions. This is an inescapable fact of any monitoring effort. Clearly, the professional judgment of the HUD reviewer is critical when reaching these conclusions. Thorough documentation of the monitoring effort, records of interviews, work-papers, etc., are crucial. **Part VI.** can help structure the reviewers' monitoring efforts and help provide documentation of the basis for monitoring conclusions on income and rent.

3. <u>**Recording Income and Rent Findings and Errors**</u>

Using the results of the tenant file sample review, the HUD reviewer should record specific tenant file errors on the **Tenant File Error Report**, found as a spreadsheet in **Appendix D-1.** The error report should capture differences between the *PHA's* determinations of income and rent, and the *HUD reviewer's* determinations of income and rent, for each tenant file reviewed. Where differences were found between key PHA income and rent figures and HUD review figures, the HUD reviewer should record these differences on the error report, including (where possible) the actual dollar amount of the <u>rent discrepancy</u>, either underpayment or overpayment.

A completed copy of the error reports should be transmitted to the PHA as a part of the review report issued at the conclusion of the review.

Using the results of the on-site monitoring activities and any conclusions made based on review and analysis of the on-site information, the HUD reviewer should also develop any general findings on PHA income and rent performance.

Findings should be distinguished from the specific errors noted in the tenant file sample review. Tenant file errors may be isolated and apply only to specific files reviewed. However, tenant file errors may also indicate a *pattern* of deficient PHA performance in one or more areas of income and rent determination. This pattern of errors may rise to the level of a finding, or findings, if the pattern indicates a systemic problem at the PHA. Use of **Part VI.** will aid the HUD reviewer in looking for patterns of errors and drawing broader conclusions about PHA performance, based on the evidence seen in the tenant file sample.

The HUD reviewer should record any findings on the **PHA Review Summary Report**, also found as a spreadsheet in **Appendix D-2**. The summary report should organize the presentation of a finding – describe the finding and discuss the basis for the finding, background on the finding, possible underlying causes, etc. The summary report should also outline actions and strategies for correcting the finding, as well as target date(s) for completion. Depending on the nature of the finding, corrective actions could be simple or could involve several steps.

A completed copy of the summary report should be transmitted to the PHA as a part of the review report issued at the conclusion of the review.

Instructions for completion of the **Tenant File Error Report** and the **PHA Review Summary Report** are found as **Appendix D.** to this RIM Guide.

E.   Post Review Activities and Follow-up

At the conclusion of the income and rent QC review, the HUD reviewer(s) should issue a final report to the PHA. The report should generally follow the format outlined in HUD Handbook 7460.07, REV-2, Field Office Monitoring of Public Housing Agencies (PHAs). The HUD reviewer(s) should also follow-up on the results of the review, ensuring that income and rent findings as well as specific tenant file income and rent errors are corrected.

1. Preparing and Issuing a Report

The purpose of the final report is to present the HUD reviewer(s) final conclusions and determinations about PHA income and rent performance, any income and rent performance problems or issues, causes of these problems and corrective actions necessary to resolve income and rent problems. Because the final report may document the existence of PHA performance problems, as well as HUD's requirements for improvement, it is important that the findings, causes, corrective actions, errors noted, etc., be clear, persuasive and well documented.

HUD reviewer(s) should discuss findings and analysis during preparation of the report. In the preparation of the report, the views of the PHA should be accurately presented, particularly where there are disagreements. PHA views should be considered when arriving at corrective actions necessary and recommendations for improvement. It is more likely that corrective actions will be taken if the PHA and HUD recognize differences and do not adopt adversarial or unreasonable positions.

The final report should:

    a. Acknowledge PHA cooperation and assistance during the review

    b. Identify the scope of the income and rent QC review, specific issues covered and the limited nature of the review

    c. Identify any strengths of the PHA's income and rent determination processes

    d. Present and thoroughly document income and rent findings and errors noted, including identifying underlying causes (where possible) and specific corrective actions necessary to improve PHA performance. This should also include establishment of timeframes for PHA actions and PHA response to the report (generally, 45 days after the date of the report).

    e. Offer any additional observations or recommendations for improving performance.

    f. Include completed copies of the **Tenant File Error Report** and the **Monitoring Review Summary Report** (found as spreadsheets in **Appendix D**).

The final report should be completed and transmitted, by the Field Office Public Housing Director, to the PHA as quickly as possible after the on-site review. As a rule, reports should be transmitted to the PHA not later than 30 calendar days after the conclusion of the review. The report should be accompanied by a transmittal letter to the PHA Board of Commissioners that provides a context for the report and HUD expectations for PHA resolution of the issues contained in the report.

2. <u>**Follow-up and Resolution of Income and Rent Discrepancies**</u>

The HUD field office should monitor the PHA's progress in resolving the income and rent findings from the report, and correcting specific income and rent tenant file errors identified in the report. Progress should be tracked and reported via quarterly updates of the error tracking reports.

Follow-up and resolution is an exercise in tracking PHA responses to the report issues, PHA progress in resolving the discrepancies, analyzing any PHA difficulties in addressing the issues, and taking appropriate actions to keep the PHA on track, including providing technical assistance as needed.

In addition to specific PHA responses to the report, the HUD field office should make use of any in-office resources to assess PHA progress. In-office resources are discussed under **Part V. Pre-review Guide**. They include information found in the PHA Annual Plan; any other reviews or audits conducted at the PHA, including HUD reviews, IPA audits, IG audits, etc.; and any additional information coming in to the HUD office, including tenant complaints and technical assistance provided to PHA staff.

In particular, the HUD field office should make use of information found PIC/MTCS reports to track PHA progress (PIC/MTCS reports were also discussed under **Part V.**), depending upon the specific income and rent issues. The Ad Hoc module under PIC could also be used to pull targeted lists of tenant families (based on MTCS data), to double-check PHA calculations and corrective actions, again depending on the specific income and rent issues. The Ad Hoc module could also be used to check corrective actions on the specific tenant files identified in the tenant file error summary documents, based on errors uncovered during the tenant file sample review.

Where the PHA does not appear to be resolving the income and rent issues identified in the report and taking the necessary corrective actions, the HUD field office should determine the reasons for PHA failure and take appropriate actions. This could include an increased level of technical assistance provided, or adopting new strategies for ensuring that the PHA receives the assistance it needs (partnering with other PHAs, contracting for needed training, etc.). Depending on resources available, the HUD field office may also find it useful to conduct follow-up visits to the PHA, either as part of a technical assistance effort or to conduct an additional review, in order to ensure PHA progress.

Part V.   Pre-review Guide

PHA: [   ]   **HUD Reviewer:** [   ]   **Date:** [   ]

A.   In-Office Resources

☐   ***PHA Annual Plan:***

Identify public housing income and rent issues and information in PHA Annual Plan, including following sections (where information is available). Note issues below.

Section 1.C.

Does the PHA propose any strategies for addressing housing needs that involve specific income or rent policies (e.g., rent policies designed to support and encourage work for public housing; establishing payment standards to enable families to rent throughout jurisdiction for HCV)?

Section 4.A.

Review information related to public housing income-based rent policies, discretionary income deductions, ceiling rents, minimum rents, flat rents, interim reporting requirements, etc.

Section 4.B.

Review information related to HCV payment standards and minimum rent policies, etc.

PHA Plan Issues related to Income and Rent:

PHA:	HUD Reviewer:	Date:

A. In-Office Resources (continued)

☐ ***Public Housing Admissions and Occupancy (A&O) Policies:***

Search HUD files for current copy of PHA A&O policies. PHA may, but is not required to, submit copy of current A&O policies with the PHA Plan. A&O policies may include rent determination policies and schedule of flat rents. If available, review A&O policies in-office for compliance, accuracy, clarity and consistency. Otherwise, review A&O policies on-site at PHA.

Search HUD files for any other PH income and rent policy documents submitted by PHA. If available, review policies in-office for compliance, accuracy, clarity and consistency

Admissions and Occupancy Policies	Date:	
PH Rent Determination Policies *	Date:	* may be in A&O Policies
PH Schedule of Flat Rents *	Date:	* may be in A&O Policies
Other Policies	Date:	

A&O Policy Issues related to Income and Rent:

☐ ***Section 8 HCV Administrative Plan (Admin Plan):***

Search HUD files for current copy of HCV Admin Plan. PHA may, but is not required to, submit copy of current Admin Plan with the PHA Plan. Admin Plan may include PHA payment standard schedule. If available, review Admin Plan in-office for compliance, accuracy, clarity and consistency. Otherwise, review Admin Plan on-site at PHA.

Search HUD files for any other Section 8 HCV income and rent policy documents submitted by PHA. If available, review policies in-office for compliance, accuracy, clarity and consistency

Administrative Plan	Date:	
Section 8 Payment Standard Policies *	Date:	* may be in Admin Plan
Other Policies	Date:	

Administrative Plan Issues related to Income and Rent:

PHA: [ ]   HUD Reviewer: [ ]   Date: [ ]

A.   In-Office Resources (continued)

[ ] *Prior Reviews and Audits:*

Search HUD files for prior reviews and audits at PHA – local HUD field office reviews, IPA, OIG, GAO, etc. Identify any findings, recommendations, issues and other information related to income and rent determinations, accepting and processing applications, verification and documentation, etc.

Prior Reviews and Audits Issues related to Income and Rent:

[ ] *General HUD Office Files:*

Search HUD files for any additional correspondence or records of public housing or Section 8 HCV income and rent determination issues at this PHA. This could include tenant complaints, specific questions raised by PHA staff and technical assistance provided, etc.

General HUD Office Files Issues:

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

B. PIC / MTCS

MTCS and MTCS-based reports offer a tremendous amount of information directly relevant to public housing and Section 8 HCV income and rent issues. It is critical that the information in MTCS be consistent with the original source documentation on file at the PHA. The on-site RIM quality control review should use MTCS information as a centerpiece for monitoring efforts. Access MTCS data through the PIC on HUDWeb: **http://hudweb.hud.gov/po/p/systems/pic/index.htm**

[ ] Determine PHA reporting rates: Public Housing: [%]   Section 8 HCV: [%]

> Reporting rate can be determined from the **Delinquency Report** (see **Reports** below). Where the PHA reporting rate is deficient, use the **Submission** option under the MTCS PIC module to research the status of PHA submissions of HUD-50058 data

[ ] Use the **Reports** option under the MTCS PIC module to gather general information on the PHA's public housing and Section 8 HCV programs and characteristics of the tenant body. Examine the reports for potential compliance problems and patterns or categories of income and rent errors.

- **Resident Characteristics Report:** provides aggregate demographic and income information on PHA residents, available on a PHA level and a project level (public housing only).

  Key pieces of information include reporting rate; income distribution by income level, income range, income source; distribution by amount of TTP; distribution by family type, by race, by age, by household size, by number of bedrooms, by length of stay, etc.

- **Key Management Indicators Report:** summarizes information on the volume of PHA activity and identifies possible discrepancies, available on a PHA level and on a project level (public housing only).

  Key pieces of information include distribution of families by recent admissions, reexaminations, move-outs, etc.; number and percent of families with rent discrepancies, including distribution by amount of discrepancy; percent and amounts of overpayments and underpayments; other types of discrepancies (over-income, under and over-housed, late reexams, etc.); utility allowances; families subject to minimum TTP; average flat rents and ceiling rents (public housing only); gross rent as percent of FMR (HCV only); rent burden as percent of family income (HCV only); FSS families; families requesting accessibility; etc.

- **New Admissions Report:** a subset of the Resident Characteristics Report. Provides demographic and income information for households admitted in the last 12 months and includes information on average wait time by race, ethnicity, and household type.

- **Families Ending Participation Report:** a subset of the Resident Characteristics Report. Gives demographic and income information for families who ended participation (left assisted housing) in the last 12 months.

- **Delinquency Report:** provides PHA reporting rates for HUD-50058 submissions, available on a PHA level and on a project level (public housing only). This report allows a comparison of available and occupied units and the total number of unreported households.

- **Income Report:** summarizes information about the income of families who receive public housing and Section 8 HCV assistance; provides income distributions for all families, new admissions, and end of participations.

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

B.   PIC / MTCS (continued)

_____ **Late Reexamination Discrepancy Report:** provides a list of families for which the PHA did not submit a reexamination in the last 15 months; provides the projected date of next reexamination.

_____ **Tenant Rent Calculation Discrepancy Report:** provides a list of families, the PHA reported rent, MTCS calculated rent, and the amount of over- or under-charge; reports all calculated rents that differ from reported rents by more than $10 as a discrepancy.

_____ **Mobility and Portability Report (HCV only):** summarizes the number and percentage of families moving into or within the Sec. 8 HCV program, and number and percentage of families exercising portability.

_____ **Rent and Rent Burden Report (HCV only):** summarizes gross rent as a percent of FMR, payment standard as percent of FMR, and "rent burden" (i.e., rent as a percent of Adjusted Income).

_____ **Section 8 Management Assessment Program (SEMAP) Indicators Report (HCV only):** covers PHA performance in the specific SEMAP indicators that are measured through MTCS data.

_____ **Budget Related Rent Averages Report (HCV only):** summarizes information on Sec. 8 HCV assisted units, critical for Sec. 8 budgeting – including number of units and average gross rent, average tenant rent, average assistance amount and average TTP by unit size.

_____ **Deconcentration Analysis Report (HCV only):** summarizes information on number of families with children within the poverty rate, number of owners for families with children, number and percent of families receiving tenant-based and HUD-based assistance.

_____ **Late HQS Inspection Discrepancy Report (HCV only):** provides a list of families for which the PHA did not submit a Housing Quality Standards (HQS) inspection in the last 15 months or within the projected next reexamination date.

**PIC / MTCS Issues related to Income and Rent:**

PHA: [ ] **HUD Reviewer:** [ ] **Date:** [ ]

C. Reference Materials

[ ] Obtain current **Income Limits** for PHA jurisdiction(s), available on HUD User at
http://www.huduser.org/datasets/il.html

[ ] Obtain current **Fair Market Rents** for PHA jurisdiction(s), available on HUD User at
http://www.huduser.org/datasets/fmr.html

[ ] Obtain latest edition of **HUD Regulations** at Title 24 of the CFR, available on the Government Printing Office (GPO) Access page of the National Archives and Records Administration (NARA) at
http://www.access.gpo.gov/nara/cfr/cfr-table-search.html Key Parts include:

__ 24 CFR Part 1	__ 24 CFR Part 882	__ 24 CFR Part 960	__ 24 CFR Part 984
__ 24 CFR Part 5	__ 24 CFR Part 902	__ 24 CFR Part 966	__ 24 CFR Part 985
__ 24 CFR Part 8	__ 24 CFR Part 903	__ 24 CFR Part 982	__ Other:
__ 24 CFR Part 108	__ 24 CFR Part 908	__ 24 CFR Part 983	__ Other:

[ ] Obtain **Federal Register** occupancy regulations published subsequent to latest edition of CFR Title 24, available on the GPO Access page of NARA at **http://www.access.gpo.gov/su_docs/aces/aces140.html**

[ ] Obtain current **Handbooks & Notices** related to public housing and Section 8 HCV occupancy: available on HUDClips at **http://www.hudclips.org/subscriber/cgi/legis.cgi**

[ ] Obtain copy of **Notice PIH 2001-15 (HA): Improving Income Integrity in Public and Assisted Housing**, available on HUDClips at **http://www.hudclips.org/subscriber/cgi/legis.cgi**

[ ] Obtain current **Housing Choice Voucher** guidebook, available on HUD's PIH internet site at
http://www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm

[ ] Obtain current **OMB Circulars** related to occupancy: available the OMB Circular page of the White House website at **http://www.whitehouse.gov/omb/circulars/index.html**

[ ] Other references/resources:

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

D. Preparing for the Tenant File Sample Review

As much as possible, the HUD reviewer should try to select specific tenant families to include in the file sample prior to the on-site visit. However, the ability to select the tenant file sample prior to the on-site visit will depend on the accuracy and reliability of MTCS information for the PHA. Where MTCS information is inadequate, the HUD reviewer may need to request a listing of tenant families from the PHA, prior to the on-site visit. The HUD reviewer may also need to select all or a portion of the tenant file sample on-site.

1. Determine the number of tenant files to be reviewed in the general sample:

    Public Housing tenant files: [   ]   Section 8 HCV tenant files: [   ]

    There is no prescribed sample size. Following is a general guideline, based on the size of the PHA:

Program Size	Suggested Sample Size
50 units or less	10 files
51 units – 600 units	10 files, plus 1 file for each 50 units over 50 units
601 units – 2,000 units	21 files, plus 1 file for each 100 units over 600 units
over 2,000 units	35 files, plus 1 file for each 200 units over 2,000 units

2. Where possible, use the **Ad Hoc** module (a separate module under the **PIC**) to pull specific listings of public housing and/or Section 8 HCV tenant families. Tenant families may be filtered by various criteria and various listings produced, including but not limited to:

    ___ **New Admissions (PH and HCV)**   ___ **Portability Move-in (HCV only)**

    ___ **Annual Reexaminations (PH and HCV)**   ___ **Portability Move-out (HCV only)**

    ___ **Interim Reexaminations (PH and HCV)**   ___ **Annual Reexamination Searching (HCV only)**

    ___ **Issuance of Voucher (HCV only)**

    ___ **Flat Rent Annual Update (PH only)**   ___ **Expiration of Voucher (HCV only)**

    ___ **Other:**   ___ **Other:**

3. Where PIC/MTCS information is unavailable or inadequate to enable the HUD reviewer to select specific tenant families, the PHA could be requested to submit a complete listing of families in occupancy with the PHA (both public housing and Section 8 HCV, if appropriate), prior to the on-site visit. The tenant file listing should "flag", for each family, the specific targeted criteria the HUD reviewer intends to use to select the sample.

4. Using either the **Ad Hoc** tenant file listings, or tenant file listings provided by the PHA, identify specific tenant families to complete the tenant file sample. The tenant files selected for review should be a targeted sample, rather than a random sample. Following are issues to consider when selecting specific tenant files for review.

    a. ___ Other resources examined during pre-review preparation may have indicated specific areas of income and rent determination of concern (prior review findings on income discrepancies, inadequate verification, incorrect calculations, tenant complaints, etc.). The tenant file sample should include families representative of these issues.

PHA:		HUD Reviewer:		Date:	

D. Preparing for the Tenant File Sample Review (continued)

b. _____ Where available, use the **Rent Calculation Discrepancy** report and the **Late Reexamination Discrepancy** report from the **PIC/MTCS** module (discussed earlier). Any specific tenant families listed on these reports should included in the tenant file sample.

c. _____ **PIC/MTCS Reports** on *aggregate* PHA demographic and income information may have indicated potential compliance problems and patterns or categories of errors (eligibility, income and rent discrepancies, etc.) that should be addressed in a file sample. The tenant file sample should include families representative of these issues.

d. _____ The file sample should represent a broad representation of the resident body including as many different occupancy-related issues and situations as possible. This should include, but not limited to, families with the following circumstances:

- Elderly and/or disabled head of household or spouse
- Dependents
- Live-in aides
- Employment Income
- Public assistance and TANF
- Periodic benefit income

- Zero income
- Large amounts of assets
- Large expenses: Child care, Medical, Disability assistance, Education, etc.
- Welfare rents
- Minimum rents

- Ceiling rents (PH only)
- Flat rents (PH only)
- FSS participants
- All projects in the PHA's jurisdiction (PH only)
- All geographic areas of the PHA's jurisdiction
- All unit sizes

e. _____ If application acceptance and processing activities are non-centralized – taking place at more than one location within the PHA – the tenant file sample should include sufficient numbers of tenant files from all locations.

f. _____ As much as possible, the file sample should includes roughly equal numbers of two groups of tenant families:

- **Recent Admission** families are public housing families that have been admitted to the public housing program within the past 12 months, and Section 8 HCV-assisted families who have initially leased a unit under the HCV program within the past 12 months. If available, the Ad Hoc New Admissions report under PIC should provide information on this category of families.

- **Reexamination** families are tenant families (public housing or HCV-assisted) that have been participants for at least one year and have undergone at least one reexamination of family income and composition. Where available, the Ad Hoc Annual Reexaminations report under PIC will provide information on this category of families.

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

D. Preparing for the Tenant File Sample Review (continued)

g. *Section 8 HCV only:* Because of the unique nature of the Section 8 HCV program, there are several categories of families that should be included in the tenant file sample review for the HCV program. The following circumstances may not apply to all PHAs who administer the Section 8 HCV program.

____ **Mover** families are Section 8 assisted families who have moved within the PHA's jurisdiction with continued assistance within the past 12 months. These families are unique in that, because their assistance is ongoing, the PHA should be conducting regular reexaminations of income and composition for the family. In this respect, **Mover** families are similar to **Reexamination** families. However, because they have recently moved to a new unit within the jurisdiction, the tenant file record should include evidence of voucher issuance, request for tenancy approval, initial HQS inspections, determination of unit and owner eligibility, etc. In this respect, **Mover** families are similar to **Recent Admission** families.

____ **Portability-In** families are Section 8 assisted families who have exercised portability to *move into* the PHA's jurisdiction within the last 12 months. These could be families where the PHA is acting as the Receiving PHA, administering assistance and billing the Initial PHA. Or, they could be families where the PHA has elected to "absorb" the family into their own Section 8 program. **Portability-In** families are similar to **Mover** families in that they are not selected from the waiting list but will have recently gone through the process of voucher issuance and lease-up. However, in some cases, **Portability-In** families are also similar to **Recent Admission** families in that the PHA must establish eligibility for certain Portability-In families, prior to providing assistance.

____ PHAs may, based on local policy, permit participating households to use HCV assistance in "specialized" housing types. These "specialized" types of housing include, but are not limited to:

- Single Room Occupancy (SRO) housing
- Congregate housing
- Group Homes
- Shared Housing
- Cooperative housing
- Manufactured Home Space Rental

____ PHAs may have received HCV funding targeted to special categories of families to be selected from the PHA's waiting list. These categories of HCV assistance include, but are not limited to:

- Family Unification Program
- Welfare-to Work Program
- Mainstream Housing Opportunities for Persons with Disabilities

____ PHAs may have received HCV funding targeted to categories of families living in certain types of housing and not to be selected from the PHA's waiting list (i.e., "special" admissions). These categories of HCV assistance include, but are not limited to:

- Public Housing Demolition / Disposition / Vacancy Consolidation Vouchers
- Mainstream Housing – Elderly Designation (Rental Assistance for Non-elderly Persons with Disabilities in support of P.H. Designated Housing Plans) Vouchers
- Moderate Rehabilitation Contract Expiration Vouchers
- Project-based Housing Assisted Housing Conversion Vouchers, including Project-based Opt-outs, Pre-payment of HUD-insured Mortgage, HUD Enforcement Actions, HUD Property Disposition

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

D. Preparing for the Tenant File Sample Review (continued)

5. Use the table found on the following page to record the specific tenant files selected for the on-site file sample review. The table captures only basic information about each tenant family selected. An in-depth review of file information for each tenant family will occur during the on-site file sample review.

Use multiple copies of the table, if necessary. In order to keep the file sample organized and to ensure that the sample includes a broad representation of the tenant body, the reviewer may wish to develop separate listings of selected tenant files, based on various criteria.

- Separate listings for **public housing** tenant files and **Section 8 HCV** tenant files.

- For **public housing** tenant files, the reviewer may wish to develop separate listings based on development where the family lives, geographic location of the unit, unit size, family type (general-occupancy, elderly/disabled) or some other logical grouping of files

- For **Section 8 HCV** tenant files, the reviewer may wish to develop separate listings based on geographic location of the unit, unit size, family type (general-occupancy, elderly/disabled), special housing type, targeted vouchers, or some other logical grouping of files.

The reviewer may wish to provide the PHA with a listing of selected tenant families, prior to the visit, as a part of the pre-review preparation activities.

6. Once you've identified the specific tenant families to include in the file sample, use the **Viewer** option under the **PIC/MTCS** module to pull the actual, detailed HUD-50058 information on each family identified (where the HUD-50058 is available).

This information will be critical for on-site comparison with the actual source documentation in the tenant family's file.

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

D. Preparing for the Tenant File Sample Review (continued)

√	Tenant Family	SSN	PH or HCV	Unit BR Size	New Admission or Reexamination	Comments

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Part VI.   On-site Monitoring Guide

PHA: [   ]   **HUD Reviewer:** [   ]   **Date:** [   ]

A.   Tenant File Sample Review

1. Obtain the actual tenant file records selected for the file sample review. Specific tenant families were identified and listed on the table(s) in **Part V. Pre-review Guide**.

    a. Where PHA was provided with a listing of selected tenant families prior to the visit, files should have been pulled by the PHA and be readily available for review.

        • Double-check the actual tenant files provided by the PHA with the listing(s) of tenant families selected prior to the review to ensure that all files are available and determine the reasons why certain files (if any) may not have been provided.

    b. Where the PHA was not provided with a listing of selected tenant families prior to the visit, the HUD reviewer(s) will need to manually pull these files.

        • Discuss the PHA's tenant file system with PHA staff, to become familiar with how tenant files are organized. Ensure that you are able to locate all selected tenant files and determine the reasons why certain files (if any) may not be available.

    c. Where MTCS information is inadequate, the HUD reviewer may need to select all or a portion of the file sample on-site, or may need to "fill out" the sample with additional families selected on-site.

        • When selecting tenant file sample(s) on-site, refer back to **Part V. Pre-review Guide**.for guidance on sample size, file selection, ensuring a broad representation of tenant families, etc.

    d. Where tenant files have been selected or added while on-site, ensure that these tenant families are recorded on the table(s) developed under **Part V. Pre-review Guide**.

        • Listings of all tenant files actually reviewed should be maintained as part of the on-site record

    e. Where tenant files have been selected or added while on-site, the reviewer should attempt to secure a copy of the HUD-50058 Family Report for each tenant family.

        • The PHA may be able to generate the HUD-50058 for the family from its own data systems. The PHA may also maintain a copy of the HUD-50058 in the tenant family's file.

    f. During the course of the review, the HUD reviewer may find that specific issues or concerns arise (e.g., eligibility determinations, specific categories of income determinations, specific types of deductions, etc.) where a focused review of a targeted sample of families would be useful. The HUD reviewer should feel free to adjust the tenant file sample, or add additional files, to meet the needs of the review.

        • Again, added tenant files should be recorded on the file sample listing(s), to ensure the accuracy of the on-site record of the actual tenant files reviewed.

PHA: [_____] **HUD Reviewer:** [_____] **Date:** [_____]

A. Tenant File Sample Review (continued)

2. Examine each tenant file in the sample for PHA determinations of income and rent, as well as other PHA determinations that impact on income and rent. The results of the tenant file sample review will be used as supporting evidence in all areas of the RIM income and rent review.

    a. Use **Appendix A: RIM Tenant File Review Checklist – PH/HCV** to record and document the results of each tenant file review.

- The purpose of the tenant file review is to assess whether PHA determinations of income and rent are accurate, thorough and clear. The checklist guides the HUD reviewer through the key income and rent determinations that must be made, as well as serving as *documentation* of the HUD review of the tenant file. The HUD reviewer is expected to answer all of the questions on the checklist, appropriate to the specific tenant family.

    b. Use **Appendix B: Tenant File Review Checklist Instructions** as an aid in completing the checklist and understanding and answering the appropriate questions.

- The instructions are designed to "walk" the reviewer through each of the questions and topics on the checklist, line by line. Where appropriate, the instructions offer an explanation of the specific program requirement(s) addressed by the checklist.

    c. Where the HUD reviewer has a completed **HUD-50058** on-hand for the tenant family, the HUD-50058 data should be used as the first source of reference for comparison with the tenant file contents and double-checking PHA calculations with tenant file documentation.

    d. Use **Appendix C: Tenant File Review Checklist Worksheets** as an aid in manually calculating different aspects of income and rent, and in understanding the how these calculations are made.

- It is not necessary that the HUD reviewer manually recalculate income and rent for every tenant file reviewed.

- Where the tenant file is well organized, accurate, thorough and clear, and the HUD reviewer has a completed HUD-50058 on-hand for comparison, the reviewer may find it unnecessary to recalculate any income and rent figures in the file. On the other hand, where the tenant file is poorly organized and PHA calculations and determinations are unclear, the reviewer may find it necessary to use any or all of the worksheets to record and calculate aspects of income and rent. The worksheets provide the reviewer with the flexibility to recalculate and double-check as much or as little of the income and rent information as necessary to establish the accuracy of PHA determinations.

    e. The HUD reviewer should note any specific errors or discrepancies uncovered in the file, as well as circumstances where file documentation was insufficient to reach a conclusion.

- For specific errors, note (if possible) the dollar amount differences between PHA-calculated figures and HUD-calculated figures.

- The HUD reviewer should also be alert to any patterns of errors indicating systemic PHA problems in income and rent determination.

Rental Integrity Monitoring (RIM) Guide
Public Housing (PH) and the Housing Choice Voucher (HCV) Programs

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

B.   Admissions and Occupancy (A&O) Policies Review – Public Housing only

Key Measures of Success

—   **PHA has clear public housing policies and procedures on verification and documentation which, if followed consistently, will lead to accurate, thorough and consistent determinations of income and rent.**

Monitoring Actions & Questions

—   **1.**   Obtain current working copy of A&O Policies from PHA management.

	Yes	No	Unclear
PHA has adopted and is using public housing A&O Policies governing the occupancy management function of the public housing program?			

—   **2.**   Review A&O policies to determine if policies address key aspects of **INCOME** determinations, and are compliant with current statutory, regulatory and program requirements.

	Yes	No	Unclear
a. A&O policies include definitions of *Annual* Income, including discussion of earned income exclusions, coordination with TANF agencies, use of imputed welfare income, etc.?			
b.1. A&O policies include definitions of *Adjusted* Income and income deductions?			
b.2. Has PHA adopted *permissive* income deductions, beyond federally required deductions (see also PHA Plan, section 4)? If so, list permissive deductions:			

   •
   •
   •
   •

—   **3.**   Review A&O policies to determine if policies address key aspects of **RENT** determinations, and are compliant with current statutory, regulatory and program requirements.

	Yes	No	Unclear
a.1. A&O policies offer clear description of income-based tenant rent policies (see also PHA Plan, section 4)?			
a.2. PHA computes Tenant Rent using <u>traditional</u> method?			

   •   Total Tenant Payment (TTP) minus Utility Allowance equals Tenant Rent

PHA: [ ] HUD Reviewer: [ ] Date: [ ]

B. Admissions and Occupancy (A&O) Policies Review – Public Housing only (continued)

	Yes	No	Unclear

a.3. PHA computes Tenant Rent using non-traditional, <u>alternative</u> method?   [ ] [ ] [ ]
- PHA uses different income percentage(s) to compute tenant rent?
- PHA uses a "fixed" rent amount that varies by income range?
- PHA deposits portion of tenant's payment in escrow or savings account?
- PHA uses some other method? Describe:

b. PHA has established a **Minimum Rent** amount or schedule for income-based rents? Minimum rent policies are consistent with current HUD requirements and guidance?   [ ] [ ] [ ]
- Do minimum rents vary by project? By location? By unit size?
- Has the PHA adopted policies on exemption from minimum rent due to financial hardship?

c. Has PHA adopted **Ceiling Rents** as a cap on traditional Income-based Tenant Rents? If so, ceiling rents policies are consistent with current HUD requirements and guidance?   [ ] [ ] [ ]
- To what extent are the ceiling rents used – at particular developments? Types of developments? Portions of developments? Specific units or units of a certain size?

d. PHA has adopted market-based **Flat Rents**? Flat rents and policies on use of flat rents are consistent with HUD requirements and guidance?   [ ] [ ] [ ]
- Do PHA policies offer families the option to "switch" annually from flat rents to income-based rents?

4. Review A&O policies to determine if policies address key aspects of **VERIFICATION** of information related to income and rent determinations.

	Yes	No	Unclear

a. A&O policies clearly outline acceptable forms of verification and documentation for **Annual Income**, including sources of income included and excluded from Annual Income?   [ ] [ ] [ ]

b. A&O policies clearly outline acceptable forms of verification and documentation for **Adjusted Income**, including all deductions to Annual Income?   [ ] [ ] [ ]

c. A&O policies clearly outline acceptable forms of verification and documentation for **Social Security Numbers** for all family members age 6 and older?   [ ] [ ] [ ]

PHA: [_____]   HUD Reviewer: [_____]   Date: [_____]

B. Admissions and Occupancy (A&O) Policies Review – Public Housing only (continued)

		Yes	No	Unclear
d.	A&O policies clearly outline acceptable forms of verification and documentation for **Citizenship** and **Eligible Immigration Status** for all family members, necessary to establish family qualification for prorated assistance? Do PHA policies authorize PHA use of the INS Systematic Alien Verification for Entitlements (SAVE) system, both primary and secondary verification			
e.	A&O policies outline written agreements with other agencies to facilitate computer-matching and up-front verification? Does PHA have clear policies and procedures on verification through computer-matching? How information is used? Following up on computer-matched information?			
f.	A&O policies include policies and procedures on the use of *up-front* verification techniques? What *up-front* techniques are authorized by PHA policy:			
	• Tenant Assessment Sub-System (TASS)?			
	• State Wage Information Collection Agencies (SWICA)?			
	• Credit Bureau Association Credit Reports?			
	• The Work Number?			
	• Internal Revenue Service Letter 1722?			
	• Other? (Describe):			
g.1.	A&O verification policies are sound, thorough, complete, and designed to secure documentation of the highest level of reliability and accuracy? A&O policies identify **3rd party, written verification**, received directly from the information source via mail, fax, electronic means, computer-matching, or some other reliable means, as the highest level of acceptable verification?			
g.2.	A&O policies clearly identify and limit circumstances where verification sources other than 3rd party, written verification might be acceptable?			
	• **3rd-party oral verification** when written verification impossible or not timely;			
	• **Document verification** involving PHA review of documents provided directly by the applicant or tenant, preferably original copies (not photocopies);			
	• **Family Declaration or Certification**, notarized statement or signed affidavit from the family attesting to accuracy of information, used very rarely and only when all other forms of verification are impossible.			
h.	A&O policies and procedures on verification and documentation include safeguards to ensure that all documentation is maintained confidentially and not misused or improperly disseminated?			

PHA:		HUD Reviewer:		Date:	

B. Admissions and Occupancy (A&O) Policies Review – Public Housing only (continued)

	Yes	No	Unclear
i. A&O policies and procedures address situations where verification sources refuse to respond?			
j. A&O policies and procedures address situations where documentation is falsified?			
k. A&O policies and procedures address situations where documentation reveals information withheld by the family?			

5. Review A&O policies to determine if policies address **REEXAMINATION** of information related to income and rent determinations.

	Yes	No	Unclear
a.1. Do policies provide for reexaminations of income conducted at least annually for all families paying an income-based rent?			
a.2. Do policies provide for reexaminations of income conducted at least once every three years for all families paying a flat rent?			
a.3. Do policies provide for reexamination of family composition at least annually for all families?			
b. Do A&O policies address scheduling and conducting interim reexaminations? Are interim reexamination policies designed to assure that rents are kept current with family income changes? Has the PHA established a "range" within which income changes need not be reported, to avoid frequent interim re-determinations? Do the PHA's policies permit a rapid response to changes in family circumstances that would reduce the family's rent?			
c. Has the PHA developed policies for detection of unreported changes in income or family circumstances? How does the PHA respond to these cases?			

6. Interview Executive Director and other management staff. Identify internal controls implemented by management for periodic review of A&O policy provisions and to ensure A&O policies are kept current with changing requirements.

- Confirm that management staff receive regular training on PHA public housing A&O policies, including public housing rent determination policies and procedures

PHA: [   ]   **HUD Reviewer:** [   ]   **Date:** [   ]

B.   Admissions and Occupancy (A&O) Policies Review – Public Housing only (continued)

7.   Interview PHA staff involved in all aspects of public housing income and rent determinations.

- Discuss A&O policies strengths and weaknesses with public housing occupancy staff, particularly provisions related to income, rent, verification and documentation, etc. Identify any A&O policy revisions that staff believes could improve the policies.
- Identify the A&O policies which staff use day-to-day. Confirm that these working copies of the A&O policies are current.
- Confirm that staff receive regular training on PHA public housing A&O policies, including public housing rent determination policies and procedures

8.   Confirm that A&O policies are on display at the PHA and available for review by public, tenants, applicants, etc., as required by the PHA Plan.

Notes and Observations on A&O Policies

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PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

C.   Administrative Plan Review – Section 8 HCV only

Key Measures of Success

—   **PHA has clear Section 8 Housing Choice Voucher policies and procedures on verification and documentation which, if followed consistently, will lead to accurate, thorough and consistent determinations of income and rent.**

Monitoring Actions & Questions

—   **1.**   Obtain current working copy of Section 8 Administrative (Admin) Plan from PHA management.

	Yes	No	Unclear
PHA has adopted and is using Section 8 Admin Plan governing the occupancy management function of the public housing program?			

—   **2.**   Review Admin Plan to determine if policies address key aspects of **INCOME** determinations, and are compliant with current statutory, regulatory and program requirements.

	Yes	No	Unclear
a. Admin Plan includes definitions of *Annual* Income, including discussion of earned income exclusions for disabled family members, coordination with TANF agencies, use of imputed welfare income, etc.?			
b. Admin Plan includes definitions of *Adjusted* Income and income deductions?			

—   **3.**   Review Admin Plan to determine if policies address key aspects of **RENT** determinations, and are compliant with current statutory, regulatory and program requirements.

	Yes	No	Unclear
a. Admin Plan offers clear description of policies on computation of Family Share of Rent, Housing Assistance Payment (HAP) to owner, Family Rent to Owner, etc.?			
b. PHA has established a **Minimum Rent** amount or schedule? Minimum rent policies are consistent with current HUD requirements and guidance?			
• Has the PHA adopted policies on exemption from minimum rent due to financial hardship?			
c. PHA has established a **Subsidy Standards** schedule?			
d. PHA has established a **Payment Standards** schedule (see section **D. Payment Standards** for detailed discussion)?			

PHA:		HUD Reviewer:		Date:	

C. Administrative Plan Review – Section 8 HCV only (continued)

4. Review Admin Plan to determine if policies address key aspects of **VERIFICATION** of information related to income and rent determinations.

		Yes	No	Unclear
a.	Admin Plan clearly outlines acceptable forms of verification and documentation for **Annual Income**, including sources of income included and excluded from Annual Income?			
b.	Admin Plan clearly outlines acceptable forms of verification and documentation for **Adjusted Income**, including all deductions to Annual Income?			
c.	Admin Plan clearly outlines acceptable forms of verification and documentation for **Social Security Numbers** for all family members age 6 and older?			
d.	Admin Plan clearly outlines acceptable forms of verification and documentation for **Citizenship** and **Eligible Immigration Status** for all family members, necessary to establish family qualification for prorated assistance? Do PHA policies authorize PHA use of the INS Systematic Alien Verification for Entitlements (SAVE) system, both primary and secondary verification			
e.	Admin Plan outlines written agreements with other agencies to facilitate computer-matching and up-front verification? Does PHA have clear policies and procedures on verification through computer-matching? How information is used? Following up on computer-matched information?			
f.	Admin Plan includes policies and procedures on the use of *up-front* verification techniques? What *up-front* techniques are authorized by PHA policy:			
	• Tenant Assessment Sub-System (TASS)?			
	• State Wage Information Collection Agencies (SWICA)?			
	• Credit Bureau Association Credit Reports?			
	• The Work Number?			
	• Internal Revenue Service Letter 1722?			
	• Other? (Describe):			
g.1.	Admin Plan verification policies are sound, thorough, complete, and designed to secure documentation of the highest level of reliability and accuracy? Admin Plan policies identify **3rd party, written verification**, received directly from the information source via mail, fax, electronic means, computer-matching, or some other reliable means, as the highest level of acceptable verification?			

PHA:		HUD Reviewer:		Date:	

C. Administrative Plan Review – Section 8 HCV only (continued)

		Yes	**No**	**Unclear**

g.2. Admin Plan policies clearly identify and limit circumstances where verification sources <u>other than</u> 3rd party, written verification might be acceptable?

- **3rd-party oral verification** when written verification impossible or not timely;
- **Document verification** involving PHA review of documents provided directly by the applicant or tenant, preferably original copies (not photocopies);
- **Family Declaration or Certification**, notarized statement or signed affidavit from the family attesting to accuracy of information, used very rarely and only when all other forms of verification are impossible.

h. Admin Plan policies and procedures on verification and documentation include safeguards to ensure that all documentation is maintained confidentially and not misused or improperly disseminated?

i. Admin Plan policies and procedures address situations where verification sources refuse to respond?

j. Admin Plan policies and procedures address situations where documentation is falsified?

k. Admin Plan policies and procedures address situations where documentation reveals information withheld by the family?

5. Review Admin Plan to determine if policies address **REEXAMINATION** of information related to income and rent determinations.

		Yes	**No**	**Unclear**

a.1. Do policies provide for reexaminations of income conducted at least annually for all families?

a.2. Annual Reexamination effective dates correspond with:

- Anniversary date of the HAP Contract?
- 12 months from the date of initial verification?
- Other:

b. Does Admin Plan address scheduling and conducting interim reexaminations? Are interim reexamination policies designed to assure that rents are kept current with family income changes? Has the PHA established a "range" within which income changes need not be reported, to avoid frequent interim re-determinations? Do the PHA's policies permit a rapid response to changes in family circumstances that would <u>reduce</u> the family's rent?

PHA:		HUD Reviewer:		Date:	

C. Administrative Plan Review – Section 8 HCV only (continued)

	Yes	No	Unclear

c. Has the PHA developed policies for detection of unreported changes in income or family circumstances? How does the PHA respond to these cases?

___ **6.** Interview Executive Director and other management staff. Identify internal controls implemented by management for periodic review of Admin Plan provisions and to ensure policies are kept current with changing requirements.

- Confirm that management staff receives regular training on Section 8 Admin Plan, including Section 8 HCV rent determination policies and procedures.

___ **7.** Interview PHA staff involved in all aspects of Section 8 HCV income and rent determinations.

- Discuss Admin Plan strengths and weaknesses with Section 8 HCV occupancy staff, particularly provisions related to income, rent, verification and documentation, etc. Identify any Admin Plan revisions that staff believes could improve the policies.
- Identify the Admin Plan which staff use day-to-day. Confirm that these working copies of the Admin Plan are current.
- Confirm that staff receives regular training on Section 8 Admin Plan, including Section 8 HCV rent determination policies and procedures.

___ **8.** Confirm that the Admin Plan is on display at the PHA and available for review by public, tenants, applicants, etc., as required by the PHA Plan.

Notes and Observations on Admin Plan

PHA: [ ]   HUD Reviewer: [ ]   Date: [ ]

D. Payment Standards – Section 8 HCV only

Key Measures of Success

— PHA maintains current payment standards schedule for all unit sizes and types within its jurisdiction, compliant with HUD requirements. PHA periodically reviews payment standard schedule and updates as necessary.

Monitoring Actions & Questions

1. Obtain a copy of the PHA's payment standard schedule (see Section 4 of the PHA Plan). Also refer to a copy of the current Fair Market Rents (FMRs) schedule, published by HUD.

	Yes	No	Unclear
a. The PHA has established a schedule of Payment Standard amounts for each unit size and type within each Fair Market Rent (FMR) area in the PHA's jurisdiction?			
b. Payment Standard schedule is organized to readily identify the appropriate payment standard amount for any unit?			
c. Schedule applies to all vouchers administered by the PHA, regardless of funding source?			

2. Review payment standard schedule for compliance with current HUD requirements and within the latitude permitted to PHAs.

	Yes	No	Unclear
a. Payment standard amounts are established within a basic range of 90% to 110% of the 40th percentile FMRs, based on the HUD-published FMR schedule?			
b. Has the PHA established different payment standard amounts for different designated parts of the FMR area? If so, are these differing amounts still within the basic range of 90% to 110% of the 40th percentile?			
c.1. Does the HUD-published FMR schedule include FMRs established at the 50th percentile (only for certain metropolitan areas that meet certain criteria)?			
c.2. If the PHA has an FMR area within its jurisdiction where FMRs have been established at the 50th percentile, are the payment standard amounts in the schedule established within a range of 90% to 110% of the 50th percentile FMRs?			

PHA: [   ] **HUD Reviewer:** [   ] **Date:** [   ]

D. Payment Standards – Section 8 HCV only (continued)

	Yes	No	Unclear

d. **"Success Rate" Payment Standards:** If the PHA does <u>not</u> have an FMR area within its jurisdiction where the FMRs have been established at the 50th percentile, has the PHA obtained HUD approval to use 50th percentile FMRs if needed to ensure that more voucher holders will be successful in finding decent, affordable housing? Confirmed by HUD file records? | [ ] | [ ] | [ ] |

e.1. **"Exception Area" Payment Standards:** Has the PHA obtained HUD approval to establish payment standards at amounts <u>below</u> 90% or <u>above</u> 110% of the 40th or 50th percentile FMRs (as appropriate) for designated parts of the FMR area? Confirmed by HUD file records?

(NOTE: Exception payment standards may be for all units in the "exception areas" or for all units of a given bedroom size in these areas)?

e.2. For a given "exception area", has the PHA obtained HUD approval of exception payment standard amounts that <u>exceed</u> 120% of the published FMR (approved by the Assistant Secretary for PIH)? Confirmed by HUD file records?

____ **3.** Obtain and review PHA records of periodic review, analysis and adjustment of payment standard schedule.

	Yes	No	Unclear

a.1. At least annually, does the PHA review the schedule of payment standards, analyze payment standards to determine whether adjustments are needed for some or all unit sizes and revise payment standard schedule as appropriate?

a.2. When did the PHA perform this annual analysis:

- Prior to preparation of the housing choice voucher program budget?

- In conjunction with annual comparison of payment standards to new FMR amounts?

- At some other time?

a.3. When reviewing and analyzing payment standards to determine whether adjustments are needed, does the PHA consider:

- Assisted families rent burdens, whether such rent burdens exceed 30% of income due to gross rent levels above PHA payment standards?

- Availability of suitable vacant units with rents below payment standard amounts, particularly in areas of low concentrations of poor and minority?

- Relative size and quality of units being selected by voucher-holders?

PHA:	HUD Reviewer:	Date:

D. Payment Standards – Section 8 HCV only (continued)

	Yes	No	Unclear
• Average time required for voucher-holders to locate suitable units?			
• Number of voucher-holders whose vouchers are expiring before they are able to find a suitable unit?			
• Excessively high numbers of families using portability to move out of the PHA's jurisdiction?			
b.1. Refer to the <u>current</u> schedule of FMRs published in the Federal Register and determine the effective date of the FMRs. When the new schedule of FMRs was published, did the PHA review its payment standards schedule <u>prior to</u> the effective date of the FMRs?			
b.2. If FMRs <u>increased</u>, did the PHA ensure that payment standard amounts for each unit size remained within 90% of the new FMRs? If necessary, did the PHA raise payment standard amounts to a new amount within 90% of the new FMR?			
b.3. If the FMRs <u>decreased</u>, did the PHA ensure that payment standard amounts for each unit size remained with 110% of the new FMRs? If necessary, did the PHA lower payment standard amounts to a new amount within 110% of the new FMR?			

Notes and Observations on Payment Standards

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PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

E.   Accepting and Processing Applications

Key Measures of Success

— **PHA application materials and processes, including the use of application interviews, are clear, thorough and effective at identifying all family information relative to income and rent.**

— **PHA staff is trained in application policies and procedures, including interview techniques.**

— **PHA has adequate internal quality controls for the application process.**

Monitoring Actions & Questions

— **1.**   Obtain copies of all materials used by the PHA during the application process, which could include:

___   Materials completed by applicant – pre-application, application, certifications, etc.

___   Materials provided to the applicant, guidance on requirements, etc.

___   Sample verification forms, verification letters, etc.

___   Worksheets used by PHA to compute income and rent

___   Interview scripts, interview formats and checklists, etc.

___   Other:

— **2.**   Review application and application materials to determine effectiveness at soliciting and identifying <u>all</u> relevant aspects of the family's eligibility, income and rent situation, including:

	Yes	No	Unclear
a.1. All income sources including wages and earned income, assets and asset income, welfare benefit income, Social Security and other forms of benefit income, etc.?			
a.2. Circumstances that would justify <u>exclusion</u> of income sources from consideration as Annual Income, including the family's qualification for earned income exclusion?			
a.3. All factors contributing to income <u>deductions</u> for purposes of determining Adjusted Income, including medical expenses, child care expenses, disability assistance expenses, number of dependents, etc.?			
a.4. *Public Housing Applicants only:* All PHA-adopted permissive adjustments and deductions when computing Adjusted Income, as established by PHA policy?			

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

E.   Accepting and Processing Applications (continued)

		Yes	No	Unclear
a.5.	Citizenship and/or eligible immigration status of all family members?			
a.6.	Social Security Numbers for all family members age 6 and over?			
a.7.	Family qualification under the PHA's definition of "family," including family composition?			
a.8.	Other:			
b.	Application materials are clear and easy to understand for applicants?			
c.	Application materials are made available in different languages for non-English speaking applicants?			

3. Chart the entire Application process, from the point a family shows up at PHA in need of housing, through placement on waiting list, verification of relevant information and, ultimately, selection for housing.

- Interview PHA staff responsible for accepting and processing applications. Have staff "walk" you through the process of accepting and processing applications. Outline the steps.

- Determine if the PHA uses some form of computer software application or program to capture and record information on applicants and tenants. If so, have staff "walk" you through the process of entering information and data into the system. Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

		Yes	No	Unclear
a.	Is the PHA process for accepting applications reasonable, fair and accessible to all interested applicants groups?			
b.	Are all locations where applications are accepted (central location; area offices; temporary location; etc.) accessible to the elderly and disabled?			
c.	Are the times for accepting applications ("regular" office hours; specially designated times, etc.) accommodating for applicants?			
d.	Has the PHA made provisions for accepting applications from those with special needs (e.g., language translation, vision-impaired, hearing-impaired, etc.)?			
e.	Are the times for accepting applications ("regular" office hours; specially designated times, etc.) accommodating for applicants?			

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

E. Accepting and Processing Applications (continued)

		Yes	No	Unclear
f.	Where the PHA has other methods for accepting applications – mail-in, fax, email, website, telephone, home visits, etc. – are these methods accessible to all applicants?			
g.	Is the PHA operating under a court order, voluntary compliance agreement, or other mandatory directive that restricts, limits or directs the PHA to accept applications in a certain manner? If so, have these directive(s) affected the ability of the PHA to process applications effectively and gather the necessary information for income and rent determinations?			
h.1.	Does the PHA accept and process applications from all interested families and maintain a clear record of all applications received and processed?			
h.2.	Are files maintained in a place that assures confidentiality and access only by authorized staff?			
i.	Does the PHA devote sufficient time and resources to the application process overall, in order to ensure that eligible families are identified, briefed and ready to be housed when assistance becomes available?			
j.	Does the PHA have adequate internal quality controls on the application process (e.g., sample of applicant files reviewed by a person other than person who did them, supervisory review, etc.)?			
k.	Have staff received adequate training on the PHA's application processes?			

___ **4.** Determine if there is an established protocol for applicant interviews. Sit in on an application interview at the PHA (if possible).

- Observe the type of questions asked.

- Review any interview script or checklist used by the PHA interviewer to assess the level of detail of information gathered at the application and interview stage.

		Yes	No	Unclear
a.	Does the interview effectively support the application process, identifying and clarifying <u>all</u> relevant aspects of the family's eligibility, income and rent situation?			
b.	Does the PHA interviewer follow an interview script or checklist to ensure that all relevant information is solicited? Is the script accurate and thorough?			
c.	Does the PHA interviewer ask appropriate follow-up questions when the family offers relevant information?			

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

E.   Accepting and Processing Applications (continued)

		Yes	No	Unclear
d.	Does the interview solicit and identify all potential sources of income including earned income, benefit income, assets and asset income, regular contributions and gifts, etc?			
e.	Does the interview solicit and identify citizenship and/or eligible immigration status of all family members?			
f.	Does the interview solicit and identify Social Security Numbers for all family members age 6 and over?			
g.	Does the PHA devote sufficient time to the interview process? Does it appear that the PHA views the interview as an effective information-gathering process (or merely a formality)?			
h.	Have staff received adequate training on applicant interviews, effective interview techniques, etc.?			

5. Refer to the results of the tenant file sample review, particularly tenant files for **recent admission** families, as the basis for responding to the following questions. You may also wish to pull targeted samples of current applicant files and rejected applicant files to assess the record of the application process for these families.

		Yes	No	Unclear
a.	Are applicant materials organized to provide an accurate and chronological history of events? Does the PHA maintain documentation of any changes in an applicant family's circumstances –family size and composition, eligibility of family members, income, citizenship/eligible immigration status, Social Security Numbers, etc.?			
b.	Do files consistently contain a privacy act notice and release and consent forms for verification of information?			
c.	Is the PHA consistently establishing and verifying citizenship and/or eligible immigration status for all family members?			
d.	Is the PHA consistently identifying and verifying Social Security Numbers for all family members age 6 and older?			
e.	Is the PHA consistently identifying and verifying all potential sources of income including wages and earned income, assets and asset income, welfare benefit income, Social Security and other forms of benefit income, etc.?			

PHA: [   ]   **HUD Reviewer:** [   ]   **Date:** [   ]

E.   Accepting and Processing Applications (continued)

		Yes	No	Unclear

f. Is the PHA consistently identifying and verifying all circumstances that would justify <u>exclusion</u> of income sources from consideration as Annual Income, including qualification for earned income exclusion?

g. Is the PHA consistently identifying and verifying all factors contributing to income <u>deductions</u> for purposes of determining Adjusted Income, including medical expenses, child care expenses, disability assistance expenses, number of dependents, etc.?

h. *Public Housing Applicants/Tenants only:* Is the PHA consistently identifying and verifying all PHA-adopted permissive adjustments and deductions when computing Adjusted Income, as established by PHA policy?

i. Do files show evidence of a consistent and clear connection between the information gathered at the application stage and the documented information used to establish family eligibility, income and rent?

Notes and Observations on Accepting and Processing Applications

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PHA: [ ] HUD Reviewer: [ ] Date: [ ]

F. Income

Key Measures of Success

— **PHA internal systems for determining Annual and Adjusted Income, including PHA computer software environment, worksheets and other aids, produces consistently accurate results.**

— **PHA staff are trained in current income determination requirements, as well as the PHA's own internal systems for income determination.**

— **PHA has adequate internal quality controls over the income determination process.**

Monitoring Actions & Questions

— 1. Obtain copies of any materials used by the PHA during the process of verification and calculation of Annual and Adjusted Income and review for accuracy and compliance with federal requirements. Materials could include:

   Standard verification letters and formats used for all income sources

   Standard verification letters and formats used for all sources of deductions, medical expenses, child care expenses, disability status, etc.

   Standard release and authorization statements used for all income and deduction sources

   Worksheets, tables, guides or other aids used by the PHA in income and deduction calculation

   Other:

— 2. Refer to the results of the tenant file sample review as the basis for responding to the following questions on **Annual Income**.

	Yes	No	Unclear

a.1. Do files show evidence that the PHA is identifying and verifying all items to be <u>included</u> in Annual Income, including but not limited to the following major categories:

	Yes	No	Unclear
• Wages, salaries, earned income, business income, etc.?			
• Net family assets and asset income?			
• Welfare income (general assistance, TANF, etc.)?			
• Social Security, SSI, pensions, etc.			
• Other (child support, unemployment compensation, other non-wage, etc.)			

PHA: [ ]   **HUD Reviewer:** [ ]   **Date:** [ ]

F.   Income (continued)

		Yes	**No**	**Unclear**

a.2.   Do files show evidence that the PHA is properly considering and verifying imputed welfare income in cases of welfare benefits reduction due to welfare fraud or welfare sanction?

b.   Do files show evidence that the PHA is accurately identifying and verifying all items to be <u>excluded</u> from consideration as Annual Income?

> Examples include wages of family members under age 18, Payments for student financial assistance, lump-sum additions to family assets, lump-sum payments of deferred benefits, Payments received for care of foster children or adults, etc.

c.   Do files show evidence that the PHA is accurately identifying and verifying all <u>Federally-mandated exclusions</u> from Annual Income, per the most recent notice of such exclusions published in the Federal Register (NOTE: Current Federal Register publication dated August 3, 1993. Updated by Federal Register publication of April 20, 2001)?

d.1.   *Section 8 HCV only:* Based on the results of the tenant file sample review of **reexamination** families only, do files show evidence that the PHA is properly disregarding increases in earned income for persons with disabilities, in accordance with the <u>earned income exclusion</u> requirements

d.2.   *Public Housing only:* Based on the results of the tenant file sample review of **reexamination** families paying an **income-based rent** only, do files show evidence that the PHA is properly disregarding increases in earned income for any family member, in accordance with the <u>earned income exclusion</u> requirements?

- Where PHA provides for individual savings accounts as an alternative to disallowance of increases in earned income (at the family's option), have any families taken advantage of this option? For any such family, has the PHA established an individual savings account, accurately calculated the amount of the earned income exclusion, and deposited this amount in the account?

e.1.   Do files show evidence that the PHA is accurately calculating Annual Income for the 12-month period following effective date of admission or reexamination?

e.2.   Where the PHA determines Annual Income for a lesser period of time, do files show evidence that the PHA is properly *annualizing* income for the entire 12-month period following effective date of admission/reexamination?

PHA: [　　　　　　　　]　　**HUD Reviewer:** [　　　　　　　　]　　**Date:** [　　　　　]

F.　Income (continued)

	Yes	No	Unclear

f.　Where a family reports "zero" ($0) Annual Income, do files show evidence that the PHA takes steps to follow-up with common income sources (public assistance, unemployment compensation, etc.)? Does the PHA require periodic reporting by the family? Does the PHA require the family to prepare and submit a budget or expense statement?

g.　Do files show evidence that the PHA-developed worksheets, guides, computer software systems, and other aids are accurate and effective in determining Annual Income?

h.　Do files show evidence of any patterns of errors in PHA Annual Income calculations? Are there patterns of errors by staff person, by area, etc?

i.　Do files show evidence that PHA staff clearly understand definitions and terms used in Annual Income? All staff use a consistent approach to calculating income?

3.　Refer to the results of the tenant file sample review as the basis for responding to the following questions on **Adjusted Income**.

	Yes	No	Unclear

a.1.　Do files show evidence that the PHA is accurately identifying the family's qualification for mandatory adjustments and deductions, verifying this status, and accurately calculating the deduction(s), including:

- $480 per <u>dependent</u>, based on the number of dependents in the family, including full-time students or persons with disability?

- $400 per <u>family</u> for an elderly or disabled family, based on whether family head, spouse or sole member is an elderly person or disabled person?

- The sum of unreimbursed medical expenses and reasonable attendant care and auxiliary apparatus expenses, to the extent the sum exceeds three percent of Annual Income:

- Unreimbursed, "reasonable" child-care expenses for care of a child under 13 years of age, necessary to enable any member of the family to seek employment, to be employed or to further his/her education.

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

F.   Income (continued)

	Yes	**No**	**Unclear**

a.2. *Public Housing only:* Do files show evidence that the PHA is accurately identifying and verifying all PHA-adopted <u>permissive</u> adjustments and deductions, as established by PHA policy?

b. Do files show evidence that the PHA-developed worksheets, guides, computer software systems, and other aids are accurate and effective in determining Adjusted Income?

c. Do files show evidence of any patterns of errors in PHA Adjusted Income calculations? Are there patterns of errors by staff person, by area, etc?

d. Do files show evidence that PHA staff clearly understand definitions and terms used in Adjusted Income? All staff use a consistent approach to calculating income?

4. Refer to the results of the tenant file sample review as the basis for responding to the following questions on **Verification and Documentation**.

	Yes	**No**	**Unclear**

a.1. Do files demonstrate consistent **3rd party, written verification**, received directly from the information source via mail, fax, electronic means, computer-matching, or some other reliable means, as the highest level of acceptable verification?

a.2. Where tenant files include verification sources <u>other than</u> 3rd party, written verification, does the verification follow the basic hierarchy for acceptability and reliability of verification sources, consistent with PHA policy:

- **3rd-party oral verification** when written verification impossible or not timely;

- **Document verification** involving PHA review of documents provided directly by the applicant or tenant, preferably original copies (not photocopies);

- **Family Declaration or Certification**, notarized statement or signed affidavit from the family attesting to accuracy of information, used very rarely and only when all other forms of verification are impossible.

a.3. Where tenant files include verification sources <u>other than</u> 3rd party, written verification, does file offer explanation or evidence of reason why 3rd party, written verification was not used?

b. Do files show evidence that the PHA uses standard procedures, form letters, etc., to contact income verification sources, as outlined in PHA policy?

PHA: [ ]   HUD Reviewer: [ ]   Date: [ ]

F. Income (continued)

		Yes	No	Unclear

c. Do files show evidence that the PHA uses adequate procedures to handle delays in obtaining verifications needed to determine Annual and Adjusted Income, or situations where income verification sources are not responsive, consistent with PHA policy?

d. Do files show evidence that the PHA uses a process for addressing documentation that is falsified or documentation that reveals information withheld by the family, consistent with PHA policy?

e. In general, is there clear consistency between Annual and Adjusted Income calculations and the source verification for Annual and Adjusted Income? Are there circumstances where the PHA is consistently misinterpreting income documentation, resulting in incorrect calculations of Annual and Adjusted Income?

5. Chart the entire process of Annual and Adjusted Income verification and calculation.

- Interview PHA staff responsible for verification and calculation of income and income deductions. Have staff "walk" you through the process of verification and calculation. Outline the steps.

- Determine if the PHA uses some form of computer software application or program to record and calculate Annual and Adjusted Income. If so, have staff "walk" you through the process of entering income information and data into the system.

- Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

- Ensure that you understand how Annual and Adjusted Income calculations are made in the system, based on data input by PHA staff.

		Yes	No	Unclear

a. Does the PHA have adequate internal quality controls on the accuracy of Annual and Adjusted Income calculations, including verification of income and deduction information (e.g., sample of verifications and calculations reviewed by a person other than the person who did them; supervisory review of a sample of income verifications and calculations)?

b. Does the PHA begin the verification and calculation process far enough in advance to ensure that an applicant family was qualified for assistance at the time the PHA was ready to offer housing assistance to the family? To ensure that tenant reexaminations were completed on time?

PHA: [ ]   **HUD Reviewer:** [ ]   **Date:** [ ]

F. Income (continued)

		Yes	No	Unclear
c.	Based on analysis of the PHA's system, does it appear that consistently following the process would lead PHA staff to accurately verify and calculate income? Are there fundamental flaws in the process that might lead to errors, inaccurate calculations, etc.			
d.	Does the PHA have good, cooperative relationships with verification sources (e.g., local welfare agencies, Social Security Administration, major employers, local landlords, etc.)?			
e.	PHA process includes use of computer-matching when verifying relevant income and rent information, consistent with PHA policy? Has the PHA developed written agreements with other agencies to facilitate computer-matching?			
f.	Have staff received training on current requirements for determining Annual and Adjusted Income?			

Notes and Observations on Income

PHA:		HUD Reviewer:		Date:	

G. Rent – Public Housing only

Key Measures of Success

— **PHA internal systems for calculating public housing rent, including PHA computer software environment, worksheets and other aids, produces consistently accurate results.**

— **PHA staff are trained in current public housing rent requirements, as well as the PHA's own internal systems for calculating public housing rent.**

— **PHA has adequate internal quality controls over the public housing rent calculation process.**

Monitoring Actions & Questions

— **1.** Obtain copies of any materials used by the PHA during the process of calculation of Total Tenant Payment and Tenant Rent, and review for accuracy and compliance with federal requirements. Materials could include worksheets, tables, guides or other aids used by the PHA in rent calculation.

— **2.** Refer to the results of the tenant file sample review as the basis for responding to the following questions on **Total Tenant Payment (TTP)** and **Tenant Rent**.

	Yes	No	Unclear
a.1. Where the PHA uses <u>traditional</u> Income-based Tenant Rent calculation method, do files show evidence that the PHA correctly computes **TTP** based on the higher of: 30% of Adjusted Income; 10% of Annual Income; Welfare Rent; Minimum Rent?			
a.2. Where the PHA uses <u>traditional</u> Income-based Tenant Rent calculation method and the family is paying a **Minimum Rent**, do files show evidence that any families requested a financial hardship exemption? If so, did the PHA correctly suspend the minimum rent effective on the first of the month following the change in the family's circumstances? Did the PHA request documentation of the hardship situation?			
a.3. Where the PHA uses <u>traditional</u> Income-based Tenant Rent calculation method, do files show evidence that the PHA correctly computes **Tenant Rent** by subtracting the appropriate **utility allowance** from the correct TTP? Is the PHA correctly computing utility allowance, based on schedule of allowances?			
a.4. Where the PHA uses <u>traditional</u> Income-based Tenant Rent calculation method, do files show evidence that **Utility Reimbursements** are given where appropriate? If utilities are included in rent, does PHA charge for excess usage? Does the PHA offer individual relief on utility charges?			

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

G.   Rent – Public Housing only (continued)

		Yes	**No**	**Unclear**

a.5. Where the PHA uses <u>traditional</u> Income-based Tenant Rent calculation method and has adopted **Ceiling Rents**, do files show evidence that the PHA applies ceiling rents as appropriate?

b.1. Where the PHA uses a non-traditional <u>alternative</u> method to calculate income-based rents, do files show evidence that PHA rent calculations are correct based on established PHA policy?

b.2. Where the PHA uses a non-traditional <u>alternative</u> method to calculate income-based rents, do files show evidence that alternative Income-based Tenant Rent calculations do <u>not</u> result in tenant rents that exceed the Tenant Rent computed by the traditional method? Does PHA compute Tenant Rent by traditional method to serve as a check on the Tenant Rents computed by the non-traditional alternative method?

c. Where the family is a "mixed" family (includes both members who are citizens or have eligible immigration status, and members who do not have eligible immigration status), does the PHA correctly **prorate** the amount of Income-based Tenant Rent, based on the percentage of household members who are citizens or have eligible immigration status?

d.1. Do files show evidence that the PHA is properly applying the correct **Flat Rent** amounts for tenant families choosing a flat rent, based on PHA-established flat rent policies?

d.2. Where families have chosen flat rents, do files show evidence that the PHA is properly allowing tenants to "switch" from flat rents to income-based rents because of hardship? Are determinations of "hardship" properly verified and consistently applied?

d.3. Where families have chosen flat rents, do files show evidence that the PHA is properly allowing tenants to "switch" from flat rents to income-based rents because of hardship? Are determinations of "hardship" properly verified and consistently applied?

d.4. Where the family is a "mixed" family (includes both members who are citizens or have eligible immigration status, and members who do not have eligible immigration status), does the PHA correctly **prorate** the amount of Flat Rent, based on the percentage of household members who are citizens or have eligible immigration status?

e. Do files show evidence that the PHA-developed worksheets, guides, computer software systems, and other aids are accurate and effective in calculating TTP and Tenant Rent?

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

G.   Rent – Public Housing only (continued)

	Yes	No	Unclear

f. Do files show evidence of any patterns of errors in PHA Tenant Rent calculations? Are there patterns of errors by staff person, by area, etc?

g. Do files show evidence that PHA staff clearly understand definitions and terms used in TTP and Tenant Rent calculations? All staff use a consistent approach to calculating rent?

3. Chart the entire process of Tenant Rent calculation in the public housing program.

- Interview PHA staff responsible for rent calculation. Have staff "walk" you through the process of rent calculation. Outline the steps.

- Determine if the PHA uses some form of computer software application or program to record and calculate rent in the public housing program. If so, have staff "walk" you through the process of entering income information and data into the system.

- Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

- Ensure that you understand how public housing rent calculations are made in the system, based on data input by PHA staff.

	Yes	No	Unclear

a. Does the PHA have adequate internal quality controls on the accuracy of Tenant Rent calculations (e.g., sample of calculations reviewed by a person other than the person who did them; supervisory review of a sample of Tenant Rent calculations)?

b. Based on analysis of the PHA's system, does it appear that consistently following the process would lead PHA staff to accurately determine Tenant Rent? Are there fundamental flaws in the process that might lead to errors, inaccurate calculations, etc.

c. Have staff received adequate training on current requirements for calculating public housing rent?

PHA: [_____]   HUD Reviewer: [_____]   Date: [_____]

G.   Rent – Public Housing only (continued)

Notes and Observations on Public Housing Rent

PHA:		HUD Reviewer:		Date:	

H. Rent and Housing Assistance Payments (HAP) – Section 8 HCV only

Key Measures of Success

— **PHA internal systems for calculating Section 8 HCV rent and HAP, including PHA computer software environment, worksheets and other aids, produces consistently accurate results.**

— **PHA staff is trained in current Section 8 HCV rent and HAP requirements, as well as the PHA's own internal systems for calculating rent and HAP.**

— **PHA has adequate internal quality controls over the Section 8 HCV rent and HAP calculation process.**

Monitoring Actions & Questions

— **1.** Obtain copies of any materials used by the PHA during the process of calculation of Family Share of Rent and Housing Assistance Payments (HAP), and review for accuracy and compliance with federal requirements. Materials could include worksheets, tables, guides or other aids used by the PHA in rent and HAP calculation.

— **2.** Refer to the results of the tenant file sample review as the basis for responding to the following questions on **Gross Rents** and **Payment Standards**.

	Yes	No	Unclear

a. Do files show evidence that the PHA correctly calculates the **gross rent** for the actual unit assisted under the program? Does the PHA correctly identify the full **rent-to-owner** (rent the owner is charging for the unit) and the appropriate **utility allowance** for utilities to be provided by the family, based on the size and characteristics of the actual unit (not the unit size listed on the family's housing voucher)? Where appropriate, does the PHA provide a higher utility allowance for the family, as a means for reasonable accommodation?

b. *Recent Admissions, Movers and Portability-in families:* Did the PHA use the appropriate **payment standard** for the family, based on the lower of the payment standard for the unit size listed on the family's housing voucher, or the payment standard for the size of the unit actually leased by the family (if smaller than the unit size listed on the family's housing voucher)?

c.1. *Reexamination families*: Did the PHA use the appropriate **payment standard** for the family, based on the lower of the payment standard for the unit size the family qualified for, based on the PHA's subsidy standards, or the payment standard for the size of the unit actually leased by the family (if smaller than the unit size the family qualified for under the subsidy standards)?

PHA: [   ] **HUD Reviewer:** [   ] **Date:** [   ]

H. Rent and HAP – Section 8 HCV only (continued)

			Yes	No	Unclear
c.2.	*Reexamination families:* When the Payment Standard <u>increased</u> since the prior reexamination, did the PHA apply the higher standard at the *first* regular, annual reexamination (not interim reexaminations)?				
c.3.	*Reexamination families*: When the Payment Standard <u>decreased</u> since the prior reexamination, did the lower standard remain in effect until the family moved to another unit, or had a change in family size/composition, or until the *second* regular, annual reexamination after the standards were lowered?				
c.4.	*Reexamination families*: When the family moved to a new unit, did the PHA use the appropriate payment standard effective at that time? When family size and composition changed, did the PHA apply the new payment standard appropriate to the new family size at the *next* regular, annual reexamination following the change?				
d.1.	If Section 8 HCV unit is located in an **exception area**, did PHA use appropriate payment standard for the area?				
d.2.	Where the PHA has obtained HUD approval of exception payment standard amounts that <u>exceed</u> 120% of the published FMR (approved by the Assistant Secretary for PIH), did PHA use appropriate payment standard?				
e.	If the PHA has received approval to use **"success rate" payment standards**, did PHA use appropriate payment standard?				
f.	Were there any circumstances where the PHA used a higher payment standard than the established payment standard for a family due to "reasonable accommodation"? If so, was this higher standard still within the basic range of 90% to 110% of FMR? Did the PHA appropriately document the circumstances for using a higher standard for this purpose?				

3. Refer to the results of the tenant file sample review as the basis for responding to the following questions on **TTP, HAP** and **Family Share of Rent**.

			Yes	No	Unclear
a.1.	Do files show evidence that the PHA correctly computes **TTP** based on the higher of: 30% of Adjusted Income; 10% of Annual Income; Welfare Rent; Minimum Rent?				
a.2.	Where a family was paying a **Minimum Rent** and requested a financial hardship exemption, did the PHA correctly suspend the minimum rent and adjust the HAP payment effective on the first of the month following the change in the family's circumstances? Did the PHA request documentation of the hardship situation?				

PHA:	HUD Reviewer:	Date:

H.   Rent and HAP – Section 8 HCV only (continued)

	Yes	No	Unclear

b.1. Where the unit's Gross Rent is <u>equal to or less than</u> the appropriate Payment Standard for that unit, does the PHA correctly compute **HAP** based on the Gross Rent minus the TTP?

b.2. Where the unit's Gross Rent is <u>more than</u> the appropriate Payment Standard for that unit, does the PHA correctly compute **HAP** based on the appropriate Payment Standard minus the TTP?

b.3. *Reexamination families:* When the reexamination resulted in **HAP** of zero dollars ($0), did HAP contract remain in effect for 6 months after the reexamination effective date? Where more than 6 months elapsed since the reexamination effective date, and family circumstances did not change, was HAP contract terminated for the family?

c.1. *Recent Admission families:* Where the unit's Gross Rent was <u>equal to or less than</u> the appropriate Payment Standard for that unit, did the PHA correctly compute the Family Share of rent as equal to TTP?

(NOTE: Also applies to *Portability-in* families who were <u>not</u> already receiving assistance in the Initial PHA's jurisdiction)

c.2. *Recent Admission families:* Where the unit's Gross Rent was <u>more than</u> the appropriate Payment Standard for that unit, did the PHA correctly compute the Family Share of rent as equal to TTP <u>plus</u> the amount by which Gross Rent exceeds Payment Standard, <u>but not greater than</u> the family's maximum initial rent burden (40% of Monthly Adjusted Income)? Does the PHA disapprove units where Family Share of rent would exceed maximum initial rent burden at initial lease-up?

(NOTE: Also applies to *Portability-in* families who were <u>not</u> already receiving assistance in the Initial PHA's jurisdiction)

d.1. *Reexamination families:* Where the unit's Gross Rent is <u>equal to or less than</u> the appropriate Payment Standard for that unit, did the PHA correctly compute the Family Share of rent as equal to TTP?

(NOTE: Also applies to *Mover* families and *Portability-in* families who <u>were</u> already receiving assistance in the Initial PHA's jurisdiction)

d.2. *Reexamination families:* Where the unit's Gross Rent is <u>more than</u> the appropriate Payment Standard for that unit, did the PHA correctly compute the Family Share of rent as equal to TTP <u>plus</u> the amount by which Gross Rent exceeds Payment Standard?

(NOTE: Also applies to *Mover* families and *Portability-in* families who <u>were</u> already receiving assistance in the Initial PHA's jurisdiction)

PHA: [ ]   HUD Reviewer: [ ]   Date: [ ]

H. Rent and HAP – Section 8 HCV only (continued)

	Yes	No	Unclear

e. Where the family is a "mixed" family (includes both members who are citizens or have eligible immigration status, and members who do not have eligible immigration status), does the PHA correctly **prorate** the amount of HAP assistance, based on the percentage of household members who are citizens or have eligible immigration status? Is "prorated HAP" subtracted from Gross Rent to determine prorated Family Share of rent?

f. Where the HAP exceeds the rent-to-owner, does the PHA correctly compute a **utility reimbursement** as the amount by which the HAP exceeds the rent-to-owner? Does the PHA pay the full rent-to-owner as the HAP payment? Does the PHA issue the utility reimbursement directly to family or utility providers?

g. Do files show evidence that the PHA-developed worksheets, guides, computer software systems, and other aids are accurate and effective in calculating TTP, HAP and Family Share of Rent?

h. Do files show evidence of any patterns of errors in PHA rent and HAP calculations? Are there patterns of errors by staff person, by area, etc?

i. Do files show evidence that PHA staff clearly understand definitions and terms used in rent and HAP calculations? All staff use a consistent approach to calculating rent and HAP?

3. Chart the entire process of rent and HAP calculation in the Section 8 HCV program.

- Interview PHA staff responsible for rent and HAP calculation. Have staff "walk" you through the process of rent calculation. Outline the steps.

- Determine if the PHA uses some form of computer software application or program to record and calculate rent and HAP in the Section 8 HCV program. If so, have staff "walk" you through the process of entering income information and data into the system.

- Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

- Ensure that you understand how rent and HAP calculations are made in the system, based on data input by PHA staff.

	Yes	No	Unclear

a. Does the PHA have adequate internal quality controls on the accuracy of rent and HAP calculations (e.g., sample of calculations reviewed by a person other than the person who did them; supervisory review of a sample of rent and HAP calculations)?

PHA:		HUD Reviewer:		Date:	

H.   Rent and HAP – Section 8 HCV only (continued)

			Yes	No	Unclear
b.	Based on analysis of the PHA's system, does it appear that consistently following the process would lead PHA staff to accurately determine rent and HAP? Are there fundamental flaws in the process that might lead to errors, inaccurate calculations, etc.				
c.	Have staff received adequate training on current requirements for calculating Section 8 HCV rent and HAP?				

Notes and Observations on Section 8 HCV Rent and HAP

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PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

I.   Reexaminations

Key Measures of Success

— **PHA reexamination materials and processes, including the use of reexamination interviews, are clear, thorough and effective at identifying all family information relative to income and rent.**

— **PHA staff is trained in reexamination policies and procedures, including interview techniques.**

— **PHA has adequate internal quality controls over the reexamination process.**

Monitoring Actions & Questions

— **1.** Obtain copies of all materials used by the PHA during the reexamination process, which could include:

___ Materials completed by tenant family – continued occupancy, release statements, certifications, etc.

___ Materials provided to the tenant family, guidance on requirements, etc.

___ Sample verification forms, verification letters, etc.

___ Worksheets, tables, guides, other aids used by PHA to compute income and rent

___ Interview scripts, interview formats and checklists, etc.

___ Other:

— **2.** Review reexamination materials to determine effectiveness at soliciting and identifying <u>all</u> relevant aspects of the family's income and rent situation, including:

	Yes	No	Unclear
a.1. All income sources including wages and earned income, assets and asset income, welfare benefit income, Social Security and other forms of benefit income, etc.?			
a.2. Circumstances that would justify <u>exclusion</u> of income sources from consideration as Annual Income, including the family's qualification for earned income exclusion?			
a.3. All factors contributing to income <u>deductions</u> for purposes of determining Adjusted Income, including medical expenses, child care expenses, disability assistance expenses, number of dependents, etc.?			
a.4. *Public Housing Applicants only:* All PHA-adopted permissive adjustments and deductions when computing Adjusted Income, as established by PHA policy?			

PHA: [   ]   **HUD Reviewer:** [   ]   **Date:** [   ]

I. Reexaminations (continued)

		Yes	No	Unclear
a.5.	Citizenship and/or eligible immigration status of all family members, including new members joining the household since the last reexamination?			
a.6.	Social Security Numbers for all family members age 6 and over, including new members joining the household and current members who have reached the age of 6 since the last reexamination?			
a.7.	Changes to family composition, members added, members leaving, addition of non-family residents (live-in aids, foster children, etc.), since last reexamination?			
a.8.	Other:			
b.	Reexamination materials are clear and easy to understand for tenants?			
c.	Reexamination materials are made available in different languages for non-English speaking families?			

____ **3.** Chart the entire Reexamination process, from PHA notices of upcoming reexaminations, through the reexamination interview, verification of relevant information and effective date of new rent amounts.

- Interview PHA staff responsible for processing reexaminations. Have staff "walk" you through the reexamination process. Outline the steps.

- Determine if the PHA uses some form of computer software application or program to capture and record information on tenants. If so, have staff "walk" you through the process of entering information and data into the system. Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

		Yes	No	Unclear
a.	Does the PHA track the scheduling of reexaminations to ensure that reexams take place at the appropriate times? Key pieces tracking information include:			

- Lease and HAP contract effective date (Section 8 HCV only)?
- Reexamination effective date?
- Key reexamination scheduling notices – 1st notice, 2nd notice, etc.?
- Notice of effective date of rent adjustment?
- Date that next reexamination will commence?
- Other:

PHA: [   ]   HUD Reviewer: [   ]   Date: [   ]

I.   Reexaminations (continued)

		Yes	No	Unclear
b.	Is the PHA reexamination process reasonable, fair and accessible to all tenant families?			
c.	Are all locations where reexaminations are processed (central location; area offices; temporary location; etc.) accessible to the elderly and disabled?			
d.	Has the PHA made provisions to accommodate those tenants with special needs (e.g., language translation, vision-impaired, hearing-impaired, etc.) during the reexamination process?			
e.	Does the PHA use essentially the same processes and procedures for verification and documentation of relevant income and rent information at reexamination as those used for new admissions?			
f.	Does the PHA have a process to handle tenants who refuse to cooperate in reexaminations?			
g.	Does the PHA have adequate internal controls on the accuracy and integrity of the reexamination process (e.g., sample of reexamination results reviewed by a person other than the person who did them; supervisory review of a sample of reexaminations)?			
h.	Does it appear that PHA staff clearly understands the reexamination process and are all using a consistent approach to conducting reexaminations? Have staff received training on the reexamination process?			
i.	Does the PHA devote sufficient time and resources to the reexamination process overall?			
j.	Does the PHA maintain a clear record of all reexaminations in process the various stages of processing?			
k.	Are files maintained in a place that assures confidentiality and access only by authorized staff?			

4.   Determine if there is an established protocol for reexamination interviews. Sit in on a reexamination interview at the PHA (if possible).

- Observe the type of questions asked.

- Review any interview script or checklist used by the PHA interviewer to assess the level of detail of information gathered at the interview stage.

PHA: [　　　　　　　　]　　HUD Reviewer: [　　　　　　　　]　　Date: [　　　　]

I. Reexaminations (continued)

		Yes	No	Unclear
a.	Does the reexamination interview effectively support the reexamination process, identifying and clarifying <u>all</u> relevant aspects of the family's eligibility, income and rent situation?			
b.	Does the PHA interviewer follow an interview script or checklist to ensure that all relevant information is solicited? Is the script accurate and thorough?			
c.	Does the PHA interviewer ask appropriate follow-up questions when the family offers relevant information?			
d.	Does the interview solicit and identify all potential sources of income including earned income, benefit income, assets and asset income, regular contributions and gifts, etc?			
e.	Does the interview solicit and identify citizenship and/or eligible immigration status of all family members, including any new members added to the family since admission or since the last reexamination?			
f.	Does the interview solicit and identify Social Security Numbers for all family members age 6 and over, including new members added to the family and current members who have reached the age of 6 since the last reexamination?			
g.	Does the PHA devote sufficient time to the interview process? Does it appear that the PHA views the interview as an effective information-gathering process (or merely a formality)?			
h.	Have staff received training on tenant interviews, effective interview techniques?			

___ **5.** Refer to the results of all **reexamination families** from the tenant file sample review as the basis for responding to the following questions.

		Yes	No	Unclear
a.	Are reexamination materials organized to provide an accurate and chronological history of events? Does the PHA maintain documentation of any changes in family's circumstances –family size and composition, eligibility of family members, income, citizenship/eligible immigration status, Social Security Numbers, etc.?			
b.	*Public Housing only:* Does the PHA conduct reexaminations of family composition at least annually for all families, reexaminations of income at least annually for families paying an income-based rent, and reexaminations of income at least once every three years for families paying a flat rent?			

PHA: [＿＿＿＿＿]   HUD Reviewer: [＿＿＿＿＿]   Date: [＿＿＿＿]

I.   Reexaminations (continued)

		Yes	No	Unclear

c.   *Section 8 HCV only:* Does the PHA conduct reexaminations of family composition and income at least annually for all families?   ☐ ☐ ☐

d.   *Section 8 HCV only:* Does the PHA appropriately handle the results of the annual reexamination?   ☐ ☐ ☐

- Are decreases in Family Share generally effective the 1st day of the month following the change?
- Are increases in Family Share generally effective the 1st day of the month following reasonable advance notice to the family (generally, 30 days)?
- Does the PHA provide family and owner with notice of the amount and effective dates of the new HAP, new Family Share of rent, and new rent-to-owner?
- If TTP has increased, does the PHA provide family with opportunity for an informal hearing?

e.   *Section 8 HCV only:* Does the PHA appropriately apply any changes resulting from revised Payment Standards? Where the Payment Standard increased, did the PHA apply the higher standard at the first regular, annual reexamination (not interim reexaminations)? Where the Payment Standard decreased, did the lower standard remain in effect until the family moved to another unit, or had a change in family size/composition, or until the second regular, annual reexamination after the standards were lowered?   ☐ ☐ ☐

f.   Do tenant files show evidence of scheduling of reexams, advance notification to tenants in sufficient time to complete reexams prior to effective date, etc.?   ☐ ☐ ☐

g.   Do tenant files show evidence that the PHA is consistently identifying and verifying all potential sources of income including wages and earned income, assets and asset income, welfare benefit income, Social Security and other forms of benefit income, etc.?   ☐ ☐ ☐

h.   Do tenant files show evidence that the PHA is consistently identifying and verifying all circumstances that would justify exclusion of income sources from consideration as Annual Income, including qualification for earned income exclusion?   ☐ ☐ ☐

i.   Do tenant files show evidence that the PHA is consistently identifying and verifying all factors contributing to income deductions for purposes of determining Adjusted Income, including medical expenses, child care expenses, disability assistance expenses, number of dependents, etc.?   ☐ ☐ ☐

j.   *Public Housing only:* Is the PHA consistently identifying and verifying all PHA-adopted permissive adjustments and deductions when computing Adjusted Income, as established by PHA policy?   ☐ ☐ ☐

PHA: [ ] **HUD Reviewer:** [ ] **Date:** [ ]

I.   Reexaminations (continued)

		Yes	No	Unclear
k.	Do tenant files show evidence that the PHA is consistently identifying and verifying citizenship and/or eligible immigration status of all family members, including any new members added to the family since admission or since the last reexamination?			
l.	Do tenant files show evidence that the PHA is consistently identifying and verifying Social Security Numbers of all family members age 6 and older, including any new members added to the family, or existing family members reaching the age of 6, since admission or since the last reexamination?			
m.	Do files consistently contain a privacy act notice and release and consent forms for verification of information?			
n.	Do tenant files show evidence of a consistently clear connection between the information gathered at reexamination and the documented information used to establish family income and rent?			
o.	Do tenant files show evidence that families are reporting changes in family income and composition, between regularly scheduled reexaminations, as required by PHA policy and within the timeframes established by PHA policy?			
p.	Do tenant files show evidence that PHA is conducting interim reexaminations in accordance with PHA policy, and that any changes in Tenant Rent, Family Share of Rent and HAP resulting from interim reexams are effective on dates established by PHA policy?			
q.	Do tenant files show evidence that the PHA is processing interim reexaminations for reduction in rent, as required, when family reports reduction in income, and that no family has been required to pay more than the appropriate rent for an extended period of time because the PHA has failed to, or refused to, process an interim reexamination?			
r.	Do tenant files show evidence that the PHA is applying its reexamination policies uniformly to all families?			

PHA: [ ]   **HUD Reviewer:** [ ]   **Date:** [ ]

I.   Reexaminations (continued)

Notes and Observations on Reexaminations

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PHA:		HUD Reviewer:		Date:	

J. HUD-50058 and Multifamily Tenant Characteristics System (MTCS)

Key Measures of Success

— **PHA reporting rate for submission of HUD-50058 data into PIC/MTCS, for both the public housing and Section 8 HCV programs, is at or above the minimum reporting targets.**

— **PHA monitors HUD-50058 data transmission for data accuracy and integrity.**

Monitoring Actions & Questions

1. Determine and review the PHA's reporting rate for HUD-50058 submissions into PIC/MTCS.

			Yes	No	Unclear
a.1. *Public Housing:*	PHA reporting rate:	%			
a.2. *Public Housing:* Reporting rate at or above the minimum reporting targets?					
b.1. *Section 8 HCV:*	PHA reporting rate:	%			
b.2. *Section 8 HCV:* Reporting rate at or above the minimum reporting targets?					
c. Where the PHA has not met minimum reporting targets, has the PHA submitted forbearance requests that adequately explain reasons for failure to meet minimum reporting targets, and steps taken to improve their reporting rate?					
d. Has the PHA, in fact, made improvements in their reporting rate? Where the PHA has not shown improvement, or has not submitted a forbearance request, have appropriate sanctions been taken?					

2. Chart the process of PHA transmission of HUD-50058 data into PIC/MTCS.

- Interview responsible PHA staff and discuss the transmission process. Have staff "walk" you through the process of entering information into the system and transmitting data. Examine data input screens carefully to ensure a thorough understanding of the PHA's system, as well as any reports generated by the system.

	Yes	No	Unclear
a. Is there a clear link between:			

- data gathered during the application / admission / reexamination processes,

- data entered into the PHA's data system, and

- data recorded on HUD-50058 and transmitted to PIC/MTCS?

PHA: [ ] **HUD Reviewer:** [ ] **Date:** [ ]

J. HUD-50058 and MTCS (continued)

		Yes	No	Unclear
b.	Does the PHA have an internal quality control process for HUD-50058 data accuracy and integrity? Does the PHA use PIC/MTCS reports to conduct quality control checks, comparing specific discrepancies on the reports with the file records for the specific tenants?			
c.	Have staff received adequate training on current HUD-50058 reporting requirements, data transmission, data integrity, etc.?			

3 Refer to the results of the tenant file sample review as the basis for responding to the following questions.

		Yes	No	Unclear
a.	Do tenant files show evidence that the information reported on HUD-50058 for each family is consistent with the source documentation found in the tenant file? If not, is there a pattern of errors?			
b.	Where the file sample review uncovered inconsistencies between data in tenant files and data found in PIC/MTCS, does the PHA's data gathering and transmission processes contribute to these inconsistencies? Is there anything inherent in the process that impacts the reliability and accuracy of the data?			

Notes and Observations on HUD-50058 and MTCS

Appendix A

Tenant File Review Checklist
   Rental Integrity Monitoring
   Public Housing / Sec. 8 Housing Choice Voucher

PHA Name:	
PHA No.:	
HUD Reviewer:	
Date of Review:	
Last Name of Family Head:	
SSN of Family Head:	

A. Family Composition

	Last Name	First Name	Relation	Date of Birth	Sex	SSN	9886? √	Dis? √	C/EI? √
1.a.			Head						
b.									
c.									
d.									
e.									
f.									
g.									
h.									
i.									

Recent Admission Family only:

2.a.   **Date of Admission:**

	Yes	No	Unclear
b. Application materials complete and capture all information for eligibility, income and rent?			
c. Family executed form HUD-9886: Authorization for Release of Information / Privacy Act Notice?			
d. Family composition and characteristics identified? Verified & documented?			
e. SSNs disclosed, or certification if no SSN assigned? Verified & documented?			
f. Evidence of citizenship or eligible immigration status for all members? Verified & documented?			

Reexamination Family only:

3.a.   **Current Reexam Effective Date:**   **Prior Reexam/Admission Effective Date:**

b.   **Reexam Type:**
- [ ] Annual Income & Composition
- [ ] Interim / Special / Other
- [ ] 3-Year Income & Composition (**PH** only)
- [ ] Annual Composition (**PH** only)

		Yes	No	Unclear
c.	**All Sec. 8 HCV only:** *PHA conducts <u>annual</u> reexam of income & composition?*			
d.	**All PH only:** *PHA conducts <u>annual</u> reexam of composition?*			
e.	**PH income-based rent only:** *PHA conducts <u>annual</u> reexam of income?*			
f.	**PH flat rent only:** *PHA conducts at least <u>3-year</u> reexam of income?*			
g.	*Reexamination materials complete and capture all information for eligibility, income and rent?*			
h.	*Family composition & characteristics identified, including new members? Verified & documented?*			
i.	*Family executed form HUD-9886: <u>Authorization for Release of Information / Privacy Act Notice</u>?*			
j.	*SSNs disclosed, or certification if no SSN assigned? Verified & documented?*			
k.	*Evidence of citizenship / eligible immigration status for all members? Verified & documented?*			

B. Annual Income and Assets

* For detailed calculations, refer to *B. Annual Income and Assets Worksheet* in Appendix C

1. **Final Asset Income** (ref. HUD-50058, line 6j.): **PHA:** * $ **HUD:** * $

	Yes	No	Unclear
2. PHA identifying assets for all family members? Verified &documented?			
3. PHA accurately calculating net cash value of assets?			
4. PHA accurately calculating anticipated actual income from assets?			
5. Assets > $5000: PHA accurately calculating imputed asset income, using correct passbook rate?			
6. PHA accurately calculating final asset income, using larger of anticipated actual vs. imputed?			

7. **TOTAL ANNUAL INCOME** (ref. HUD-50058, line 7i.): **PHA:** * $ **HUD:** * $

	Yes	No	Unclear
8. Wages and earned income accurately calculated, verified & documented?			
9. Earned income exclusion/disallowance accurately calculated?			
10. PH: Where PHA uses Individual Savings Account (ISA), PHA deposits appropriate amount?			

	Yes	No	Unclear
11. Welfare benefit income accurately calculated, verified & documented?			
12. Where family member subject to "Specified Welfare Benefit Reduction", PHA uses <u>imputed</u> welfare income?			
13. Family requested review of <u>imputed</u> welfare income calculation? If denied, PHA provided written notice?			

	Yes	No	Unclear
14. SS/SSI/pension income accurately calculated, verified & documented?			

	Yes	No	Unclear
15. "Other" income accurately calculated, verified & documented?			

	Yes	No	Unclear
16. Total Annual Income accurately calculated, verified & documented?			

C. Dwelling Unit / Utility Allowance

** For detailed calculations, refer to *C. Utility Allowance Worksheet* in Appendix C

1.a. **Unit Address:**   **b.** **No. of Bedrooms:**

2.a. *PH only –* **Project Name:**   **b.** *PH only –* **Project No.**

	Yes	No	Unclear
3.a. Tenant family responsible for some or all utilities in unit?			

b. **Total Utility Allowance** (ref. HUD-50058, line 10e., 10r., 12m.): **PHA:** ** $ **HUD:** ** $

c.   Correct Utility Allowance used, computed accurately? | | | |

D. Adjusted Income

* For detailed calculations, refer to *D. Adjusted Income Worksheet* in Appendix C

					Yes	**No**	**Unclear**
1.a	**Dependent Deduction** (ref. HUD-50058, line 8r. and 8s.):	PHA:	* $	HUD:	* $		
b.	Dependent Deduction accurately calculated; verified & documented by PHA?						
2.a.	**Elderly / Disabled Family Deduction** (ref. HUD-50058, line 8p.):	PHA:	* $	HUD:	* $		
b.	Elderly/Disabled Family Deduction accurately calculated; verified & documented by PHA?						
3.a.	**Medical/Disability Assistance Expenses Deduction:** (ref. HUD-50058, line 8n.)	PHA:	* $	HUD:	* $		
b.	Medical/Disability Assistance Exp. Deduction accurately calculated; verified & documented by PHA?						
4.a.	**Child Care Expenses Deduction** (ref. HUD-50058, line 8t.):	PHA:	* $	HUD:	* $		
b.	Child Care Expenses Deduction accurately calculated; verified & documented by PHA?						
5.a.	*Public Housing only:* **Permissive Deductions:** (ref. HUD-50058, line 8e.):	PHA:	* $	HUD:	* $		
b.	Permissive deduction accurately calculated; verified & documented by PHA?						
6.a.	**Total All Deductions** (ref. HUD-50058, line 8x.):	PHA:	* $	HUD:	* $		
b.	Total All Deductions accurately calculated; verified & documented by PHA?						
7.a.	**TOTAL ADJUSTED INCOME** (ref. HUD-50058, line 8y.):	PHA:	* $	HUD:	* $		
b.	Total Adjusted Income accurately calculated; verified & documented by PHA?						

Complete Section E. for a Public Housing family only.

E. Rent – Public Housing only

* For detailed calculations, refer to *E. Public Housing Rent Worksheet* in Appendix C

	Yes	<u>No</u>	Unclear
1.a. Family offered choice of rent methods:			

b. Tenant Rent is: | **Income-based** | Flat |

Income-based Rent:

2. Income-based Rent method is: ☐ **Traditional** ☐ **PHA Alternative**

Traditional TTP

		PHA:	* $	HUD:	* $
3.	**TTP** – traditional method (ref. HUD-50058, line 9j., 10d.):				

		Yes	No	Unclear
4.	**Traditional income-based TTP** accurately calculated?			
5.a.	Family qualified for Minimum Rent financial hardship exemption? Verified & documented?			
b.	Minimum Rent TTP suspended for long-term hardship and reinstated for temporary hardship?			
6.	Family is a "mixed" family eligible for Prorated assistance (If "Yes", go to **Line 11.**)?			

PHA Income-based TTP

		PHA:	* $	HUD:	* $
7.	**TTP** – alternative method (ref. HUD-50058, line 9j., 10d.):				

		Yes	No	Unclear
8.	**PHA Alternative Income-based TTP** accurately calculated?			
9.	**PHA Alternative Income-based TTP** does not exceed **Traditional income-based TTP**?			
10.	Family is a "mixed" family eligible for Prorated assistance (If "Yes", go to **Line 11.**)?			

Prorated TTP

		PHA:	* $	HUD:	* $
11.	**TTP** for a "Mixed" family (ref. HUD-50058, line 10p.):				

		Yes	No	Unclear
12.	**TTP** for a "Mixed" family accurately calculated?			

Income-based Tenant Rent

		PHA:	* $	HUD:	* $
13.	**TENANT RENT** (ref. HUD-50058, line 10f., 10s.):				
14.	**Utility Reimbursement** (ref. HUD-50058, line 10f., 10s.):				

		<u>Yes</u>	No	Unclear
15.	**TENANT RENT** accurately calculated?			
16.	Income-based TENANT RENT agrees with Rent Rolls?			

Flat Rent

		PHA:	* $	HUD:	* $
17.	**Flat Rent** based on PHA schedule (ref. HUD-50058, line 10b.):				
18.	**Flat Rent** for a "Mixed" Family (ref. HUD-50058, line 10b.):				

		Yes	No	Unclear
19.	Flat Rent accurately calculated by PHA?			
20.	Flat Rent agrees with Rent Rolls?			

Complete Section F. for a Section 8 Housing Choice Voucher family only.

F. Family Rent and HAP – Section 8 HCV only

* For detailed calculations, refer to *F. Section 8 HCV Rent and HAP Worksheet* in Appendix C

Total Tenant Payment (TTP)

			PHA:	HUD:	Yes	No	Unclear
1.	**TTP** (ref. HUD-50058, line 9j. or 12r.):		* $	* $			
2.	TTP accurately calculated?						
3.a.	Family qualified for Minimum Rent financial hardship exemption? Verified & documented?						
b.	Minimum Rent TTP suspended for long-term hardship and reinstated for temporary hardship?						

Payment Standard

			PHA:	HUD:	Yes	No	Unclear
4.a	**Payment Standard** (ref. HUD-50058, line 12j.):		* $	* $			
b.	Correct Payment Standard used?						

Gross Rent and Total HAP

			PHA:	HUD:	Yes	No	Unclear
5.	**Gross Rent** (ref. HUD-50058, line 12p.):		* $	* $			
6.	**Total HAP** (ref. HUD-50058, line 12s.):		* $	* $			
7.	Total HAP accurately calculated?						

Reexamination Family only:

		Yes	No	Unclear
8.a.	Reexamination has resulted in HAP of zero ($0) dollars?			
b.	If "Yes", HAP contract remained in effect up to 6 months after reexam effective date?			

Family Rent to Owner and HAP to Owner   (Non-prorated, Non-mixed Family only)

			PHA:	HUD:	Yes	No	Unclear
9.	**Total Family Share of Rent** (ref. HUD-50058, line 12t.):		* $	* $			
10.	**HAP to Owner** (ref. HUD-50058, line 12u.):		* $	* $			
11.	**Family Rent to Owner** (ref. HUD-50058, line 12v.):		* $	* $			
12.	**Utility Reimbursement** (ref. HUD-50058, line 12w.):		* $	* $			
13.	Family Rent to Owner and HAP (Non-prorated) accurately calculated by PHA?						
14.	HAP agrees with HAP register?						

Family Rent to Owner and HAP to Owner   (Prorated, Mixed Family only)

			PHA:	HUD:	Yes	No	Unclear
15.	**Prorated Family Rent to Owner** (ref. HUD-50058, line 12ai.):		* $	* $			
16.	**Prorated HAP to Owner** (ref. HUD-50058, line 12aj.):		* $	* $			

17.	Family Rent to Owner and HAP (Prorated) accurately calculated by PHA?			
18.	HAP agrees with HAP register?			

Appendix B:
Tenant File Review Checklist
Instructions

General Information

As a part of Rental Integrity Monitoring (RIM) income and rent reviews, HUD staff are to determine Public Housing Agency (PHA) compliance with federal public housing income and rent regulations and requirements, through review of a sample of public housing and Section 8 Housing Choice Voucher (HCV) tenant file records. For purposes of RIM reviews, tenant file records are the critical pieces of source documentation, used as evidence to support HUD determinations and conclusions in all areas of the review.

The **Appendix A: RIM Tenant File Review Checklist** has been designed to guide the HUD reviewer through a file review and to document the results of the review. This **Appendix B: RIM Tenant File Review Checklist Instructions** has been designed as a reference document, offering detailed, line-by-line guidance to the HUD reviewer for completing the file review checklist. The instructions explain each piece of information included in the tenant file review, as well as the conclusions the HUD reviewer must reach when examining the information.

Using the Checklist and the Instructions

1. Review the contents of *each* tenant file included in the tenant file sample, completing a copy the file review checklist (**Appendix A**) as documentation of the file review.

2. The checklist is divided into the following sections:

    - **Header**
    - **A. Family Composition**
    - **B. Annual Income and Assets**
    - **C. Dwelling Unit / Utility Allowance**

    - **D. Adjusted Income**
    - **E. Rents – Public Housing only**
    - **F. Family Rent and HAP – Section 8 HCV only**

3. Proceed through the checklist, section-by-section, recording information and answering questions, as appropriate.

    - Complete the Header and Sections A. through D. for both public housing and Section 8 HCV families.

    - Complete Section E. for public housing families only. Complete Section F. for Section 8 HCV families only.

    - In all sections, record the information, including dollar amounts, that the PHA is using in the income and rent process, as reflected in the file record. Also record HUD calculation results, where these differ.

    - In all sections, assess the accuracy and thoroughness of file information by answering the questions about the information. Where a definitive "Yes/No" answer cannot be determined, based on the file record, indicate "Unclear" and make a note of the issue. Where a question is not applicable to a given family, simply draw a line through the question, note "N/A" beside the question, or some other reasonable method.

4. Cross-reference tenant file information with information recorded on the HUD-50058, Family Report, for the family (where the HUD-50058 is available). Shaded cells on the checklist represent information found in the tenant file that may also be found on the HUD-50058.

5. Use the checklist instructions (**Appendix B**) as a *reference* document, as necessary, to clarify the type of information to be gathered on the checklist, the conclusions to be reached and the basis for those conclusions. Instructions are organized to correspond to the checklist section titles.

6. Where tenant file income and rent calculations are confusing or unclear, use the actual HUD-50058 for the family as the first option for clarification. Where the HUD-50058 is unavailable, the reviewer may use a blank copy of the HUD-50058, or may use **Appendix C: RIM Tenant File Review Checklist Worksheets** to manually calculate and cross-check various aspects of income and rent, based on the file documentation. Worksheets are organized to correspond to the checklist section titles.

Checklist Worksheets

To support the file review, worksheets have been developed for use in calculating public housing and Section 8 HCV income and rent, with detailed instructions for the use of each worksheet. Worksheets are found as a separate **Appendix C** to the **RIM Guide**.

Worksheets may be used as necessary to aid the HUD reviewer in determining and documenting income and rent, based on the contents of the tenant file. Worksheets are particularly useful for situations where tenant file documentation is confusing or unclear, and a HUD-50058 is unavailable for the family. Worksheets also include information not found on the HUD-50058.

The Worksheets are organized to correspond to the appropriate section of the checklist where they might be used:

- *B. Annual Income and Assets Worksheet*
- *C. Dwelling Unit / Utility Allowance Worksheet*
- *D. Adjusted Income Worksheet*
- *E. Public Housing Rent Worksheet*
- *F. Section 8 HCV Rent and HAP Worksheet*

On-hand Resources for Tenant File Reviews

During the course of each tenant file review, the HUD reviewer will need to refer to various PHA policies, PHA procedures, documents, schedules and other resources in order to check the file documentation. Following is a partial listing of resources that the HUD reviewer should have "on-hand" when conducting a file review.

a. **Public Housing Admissions and Occupancy Policies** – including occupancy standards, flat rent schedules, ceiling rent schedules (if any), minimum rent schedule, PHA "alternative" income-based rent determination method (if any), including PHA use of "permissive" deductions when computing Adjusted Income

b. **Section 8 Administrative Plan** – including subsidy standards, minimum rent schedule, payment standard schedules, policies on use of "special" housing types, etc.

c. **Utility Allowance schedules** – both public housing and Section 8 HCV

d.	**Form HUD-50058 and Form HUD-50058 Instruction Booklet**

e.	**Housing Choice Voucher Guidebook**

f.	**HUD Notice PIH 2001-15 (HA)** – improving income integrity

g.	**HUD Notice PIH 2001-41 (HA)** – Section 8 tenant-based assistance for housing conversion actions.

Other documents and resources may also be useful and should be requested as needed, depending on the particular circumstances of the tenant file under review.

Categories of Tenant Families

The tenant file checklist, the instructions, and the worksheets reference two basic categories of tenant families:

- Recent Admission **families are families who have been admitted to public housing within the past 12 months (for public housing), or have initially leased a unit under the PHA's Section 8 HCV program within the past 12 months (for Section 8 HCV families).**

- Reexamination **families are families that have been residents in the PHA's public housing program (for public housing families), or participants in the PHA's Section 8 HCV program (for Section 8 HCV families) for at least one year and have undergone at least one reexamination of family income and composition.**

Requirements differ slightly between these two categories of families. Where appropriate, the checklist, instructions and worksheets note these differences.

In addition, *for Section 8 HCV families only*, the checklist, the instructions and the worksheets make a distinction between two additional categories of families:

- Mover **families are Section 8 assisted families who have moved <u>within</u> the PHA's jurisdiction with continued assistance within the past 12 months.**

	These families are unique in that, because their assistance is on-going, the PHA should be conducting regular reexaminations of income and composition for the families. In this respect, Mover families are similar to Reexamination families. However, because they have recently moved to a new unit within the jurisdiction, the tenant file record should include evidence of voucher issuance, request for tenancy approval, initial HQS inspections, determination of unit and owner eligibility, etc. In this respect, Mover families are similar to Recent Admission families.

- Portability-In **families are Section 8 assisted families who have exercised portability to *move into* the PHA's jurisdiction within the last 12 months.**

	These could be families where the PHA is acting as the Receiving PHA, administering assistance and billing the Initial PHA. Or, they could be families where the PHA has elected to "absorb" the family into their own Section 8 program. Portability-In families are similar to Mover families in that they are not selected from the waiting list but will have recently gone through the process of voucher issuance and lease-up. However, in some cases, Portability-In families are also similar to

Recent Admission families in that the PHA must establish eligibility for certain Portability-In families, prior to providing assistance.

Header

At the top of each checklist, record the following information:

- Indicate the name of the **PHA** being reviewed (HUD-50058, line 1a.)

- Indicate the **PHA Number** (HUD-50058, line 1b.)

- Record the name of the **HUD Reviewer** conducting the review of this particular tenant file.

- Record the **Date** of the review, either the date(s) of the RIM review as a whole or the date of this particular file review. All documentation related to a given RIM review should be dated.

- To readily identify this particular file review, record the **Last Name of the Family Head** for the tenant family whose file is being reviewed (HUD-50058, line 3b.)

- Indicate the **Social Security Number (SSN)** of the Family Head (HUD-50058, line 3n.)

A. Family Composition

This section captures basic information about family composition and characteristics, important for establishing the eligibility for admission and continued occupancy of the family and its members, the family's qualifications for various income deductions and allowances, the appropriate unit size and type for the family, the appropriate subsidy standard for the family, among other determinations.

All relevant information about family composition and characteristics should be found in the tenant file. No standard format exists. Information is likely to be recorded on one or more documents developed by the PHA for this purpose. The PHA may also maintain a copy or a portion of the Form HUD-50058 in the tenant file.

The section also asks the reviewer to assess the quality of the PHA's application and reexamination processes, as reflected in this particular tenant file.

For a **Recent Admission** family, whether public housing or Section 8 HCV, examine any PHA-developed application form(s) or other documents and materials used by the PHA in the application process to successfully establish family eligibility, suitability, subsidy standard, income, deductions, etc. For this type of family, the PHA will be establishing eligibility for the first time. The HUD reviewer will examine the relevant information, captured by the PHA in its application materials, and ensure that this information has been verified and documented using third-party, written verification whenever possible.

For a **Reexamination** family, whether public housing or Section 8 HCV, the HUD reviewer will be examining the most recent reexamination process for the family and the extent to which the PHA used reexamination form(s), "continued occupancy" forms or other documents and materials to successfully establish the tenant family's current circumstances – income, deductions, changing family composition, eligibility of new members, etc. Note that family circumstances might have changed since the prior family reexamination (or family admission if this is the first reexamination). Eligibility and suitability of new members joining the household since admission or since the last reexamination should be documented.

A. Family Composition

Reexamination requirements differ slightly for public housing and Section 8 HCV.

- Every tenant family that has been in occupancy with the PHA for at least one (1) year should contain a record of an annual reexamination of some kind.

- For the Section 8 HCV program, the PHA is required to reexamine both income and composition of every housing voucher family at least annually. The annual reexamination determines the continued eligibility of the family and establishes the HAP subsidy payment to be made on behalf of the family.

- For the public housing program, the PHA is required to reexamine the family composition of every family at least annually. The PHA is required to reexamine family income at least annually for a family paying an income-based rent. However, for a family paying a flat rent, the PHA is required to reexamine family income at least once every three (3) years. For a flat rent family, the HUD reviewer will need to determine where the family is in the 3-year "cycle" and ensure that the annual reexamination is covering the appropriate information for that year.

In addition, the PHA may require the family to report interim changes in family income or family circumstances as well. PHA policy could require an interim reexamination, special reexamination, or some other type of reexamination "in-between" the regular annual reexamination. Or, the family's situation may be such that the PHA schedules regular interim reexaminations on a monthly, quarterly, semi-annual, or some other basis, until the family's situation stabilizes. For these interim or special types of reexaminations, the PHA may not necessarily re-verify all of the family's information, but only those pieces of information that prompted the interim reexamination to begin with (e.g., fluctuating income, uncertain custody and family composition, etc.).

While not directly related to income and rent determinations, two eligibility screening criteria are important for purposes of this review. These include the provision of Social Security Numbers **(SSNs)** for all family members age six and older, and the establishment of **citizenship** or **eligible immigration status** of all family members. The HUD reviewer should examine each tenant file record for clear verification and documentation of these two criteria, whether at admission for all family members or at reexamination for any new members joining the family.

Lines	File Review Guidance
1.a. – 1.i.	For each family member, record the following information under the appropriate column: • **Last Name** (HUD-50058, line 3b.) • **First Name** (HUD-50058, line 3c.) • **Relation** in the family (HUD-50058, line 3h.) • **Date of Birth** (HUD-50058, line 3e.) • **Sex** (HUD-50058, line 3g.) • **Social Security Number** (HUD-50058, line 3n.) The unit may include residents who are not considered family members (for example, live-in aide(s), foster children, foster adults, etc.). This information should be determined based on the "relation" code on HUD-50058, line 3h., for each household resident. List these residents in the table, noting their relationship to the family and any other pertinent information (age, sex, etc.). While not eligible as family members, these additional residents will affect the size and type of unit the family is entitled to.

A. Family Composition

Lines	File Review Guidance
	In addition, the following determinations must be made <u>by individual family member</u>. Assess the following and place a checkmark "√" under the appropriate column.
9886?	Review the file for evidence of execution of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, to be signed by each member of the family household age 18 years or older. PHAs should secure signatures at the time of application for recently admitted families. At the time of reexamination, the PHA should also secure signatures of any new adult members joining the household, or any existing family members who reach the age of 18. The PHA may routinely require a new HUD-9886 to be signed and executed at every reexamination, in order to have a relatively current authorization on file for new verifications. (NOTE: In addition to HUD-9886, the PHA may have developed its own release, consent and authorization forms to use for verification of specific types of information).
Dis?	Determine whether this particular family member has a **Disability** (HUD-50058, line 3j.) and, if so, confirm that this status is verified and documented. - Establishing whether the family head or spouse is a *person age 62 or older*, or whether the family head or spouse is a *person with disabilities*, is important for determining whether the family will qualify for the mandatory income deduction given to all elderly/disabled families and for the mandatory medical deductions given to all elderly/disabled families. - Establishing whether <u>any</u> family member meets the definition of a *person with disabilities* is important for determining whether the family will qualify for the mandatory deduction for attendant care and disability assistance expenses for a family with a disabled family member.
C/EI?	Confirm that the PHA has verified and documented **citizenship** or **eligible immigration status** (HUD-50058, lines 3i. And 3p.) for this particular family member. Establishing the number of family members <u>with</u> and the number <u>without</u> citizenship or eligible immigration status is an important determination, both for the family's eligibility and for proration of rental assistance for "mixed" families (discussed later in the checklist).

Complete **Line 2.a.** through **Line 2.f.** only for a tenant family who is a **Recent Admission** family. Then proceed to *Section B. Annual Income and Assets*.	
Lines	**File Review Guidance**
2.a.	Identify **Date of Admission** from the tenant file records. Date of admission should correspond to HUD-50058, line 2b. – Effective date of action, where line 2a. – Type of action, is Code 1: "New Admission." Use the dwelling lease to cross-check the actual date of admission.

A. Family Composition

Lines	File Review Guidance
2.b.	The PHA's own internally-developed materials used to gather basic family information in the application process are critical to establishing the family's eligibility, computing income and rent, etc. These materials should be examined closely to ensure that they are effective in identifying all aspects of the family's situation, that key information is not omitted and that the PHA is using the materials properly and consistently. Review the application materials used for this family to ensure that the materials capture information necessary to establish eligibility and suitability for tenancy, including: - All information related to income, exclusions, deductions, other factors affecting rent, family composition and circumstances, etc. - All information relevant to eligibility of the family, particularly income eligibility, provision of Social Security Numbers and citizenship/eligible immigration status. Many PHAs use Form HUD-50058 as a supporting document for applications. While maintaining a copy of the HUD-50058 in the tenant's file is certainly acceptable, the HUD-50058 was not designed to serve as the actual application form. In reviewing the tenant files, the HUD reviewer should ensure that the PHA does not rely solely on the HUD-50058 to document the application process.
2.c.	Confirm that a copy of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, was signed by each member of the family household age 18 years or older. Refer to the **"(9886)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the notice.
2.d.	Ensure that all family members are clearly identified, that family composition and member characteristics are clear, and that this information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section.
2.e.	The family is required to disclose SSNs for all family members at least six (6) years of age. The PHA is required to document SSNs, using appropriate verification methods. If no SSN has been assigned to a particular family member, a certification to that effect must be in the file. Ensure that SSN information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section.
2.f.	The family is required to establish citizenship or eligible immigration status for each family member. The PHA is required to document this information, using appropriate verification methods. Where the family is unable to establish citizenship or eligible immigration status for each family member, the family may still qualify as a "mixed" family eligible for *prorated* rental subsidy assistance. Ensure that information is adequately documented for all family members using proper verification methods. Refer to the **"(C/EI)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the documentation. For those <u>non</u>-citizen family members claiming eligible immigration status, and who submit the required documentation and evidence, the PHA is required to verify that status with the Immigration and Naturalization Service (INS). This verification process would be conducted by the PHA simultaneously with verification of other aspects of the family or family member's eligibility.

A. Family Composition

Lines	File Review Guidance
	The INS verification process involves primary and secondary verification: **Primary Verification** Primary verification of the individual's eligible immigration status is conducted by the PHA through the INS automated system – Systematic Alien Verification for Entitlements (SAVE). The SAVE system provides the following information: • Alien registration number • Verification number • First name • Last name • Immigration status message (If the primary verification method confirms eligible immigration status, the PHA will receive a message of "INS Status Confirmed." If the primary verification method fails to confirm eligible immigration status, the PHA will receive a message of "Institute Secondary Verification." In this case, secondary verification must be performed.) **Secondary Verification** Within 10 days of receiving the response of "institute secondary verification," the PHA must initiate secondary verification. The PHA submits a written request for secondary verification to a designated INS office. The request consists of photocopies (front and back) of the original INS documents submitted by the individual, attached to a copy of INS form G-845S. Upon receipt of this information, INS undertakes a manual search of its records in an attempt to determine the individual's immigration status. Upon conclusion of this manual search, INS will return the documents to the PHA with a completed copy of INS form G-845S. If eligible immigration status is confirmed, the form will so indicate. If INS is unable to confirm eligible immigration status, the form will so indicate.

A. Family Composition

Complete the following **Line 3.a.** through **Line 3.k.** only for a tenant family who is a **Reexamination** family. Then proceed to *Section B. Annual Income and Assets*.

Lines	File Review Guidance
3.a.	Identify **effective date** of the **current reexamination**, from the tenant file records. Effective date of the reexamination should correspond to HUD-50058, line 2b. – <u>Effective date of action</u>, where line 2a. – <u>Type of action</u>, is either: • Code 2: "Annual Reexamination"; • Code 3: "Interim Reexamination"; • Code 12: "Flat Rent Annual Update" (for annual reexamination of family composition only); and • Code 7: "Other Change of Unit (if the PHA conducts some type of reexamination in conjunction with a family move to a different unit between regularly scheduled reexaminations) The PHA will have its own written materials used to facilitate the reexamination process. Use the PHA's forms, the dwelling lease, or any riders or attachments to the lease, to cross check the reexamination effective date. Identify the **effective date** of the immediate **prior reexamination** (or **admission**, if this is the first reexamination)., from the tenant file records.
3.b.	Record the specific type of reexamination under review for this family. • Annual Income & Composition – applicable to all Section 8 HCV families, to all public housing families paying an income-based rent, and could also be conducted for a public housing family paying a flat rent; • 3-Year Income & Composition – applicable only to a public housing family paying a flat rent; • Annual Composition only – applicable only to a public housing family paying a flat rent; • Interim / Special / Other – applicable to any family, Section 8 HCV, public housing income-based rent or public housing flat rent, depending on the circumstances which prompted the reexamination.
3.c.	*All Section 8 HCV only:* **The PHA must conduct regular *annual* reexaminations of both income and composition for all Section 8 HCV-assisted families, and ensure that the regular reexaminations take effect within a 12-month period of each other.** **Review the documentation for the prior regular family reexamination (or family admission, if this is the first reexamination.). Compare the effective date of the <u>prior</u> reexamination/admission with the effective date of the <u>current</u> regular reexamination (Line 3a.). Ensure that no more than 12 months have passed between the effective dates of these two events.**
3.d.	*All Public Housing only:* **Regardless of rent method chosen in the public housing program –** income-based rent **or** flat rent, **the PHA must conduct an *annual* reexamination of family composition.** **Review the documentation for the prior family reexamination of family composition (or family admission, if this is the first reexamination.). Compare the effective date of the <u>prior</u> reexamination/admission with the effective date of the <u>current</u> reexamination of family composition (Line 3a.). Ensure that no more than 12 months have passed between the effective dates of these two events.**

A. Family Composition

Lines	File Review Guidance
3.e.	*Public Housing Income-based Rent only:* **For a family paying an** income-based rent**, the PHA must conduct regular *annual* reexaminations of income, and ensure that the regular reexaminations take effect within a 12-month period of each other. This would be coordinated with the annual reexamination of family composition (see** Line 3.d.**).** **Review the documentation for the prior family reexamination of family income (or family admission, if this is the first reexamination.). Compare the effective date of the** prior **reexamination/admission with the effective date of the** current **reexamination of family income (**Line 3a.**). Ensure that no more than 12 months have passed between the effective dates of these two events.**
3.f.	*Public Housing Flat Rent only:* **For a family paying a** flat rent **only, the PHA must conduct a reexamination of income at least once every three years.** **Review the documentation for the prior family reexamination of family income (or family admission, if this is the first reexamination.). Compare the effective date of the** prior **reexamination/admission with the effective date of the** current **reexamination of family income (**Line 3a.**). Ensure that no more than 36 months have passed between the effective dates of these two events.**
3.g.	Unlike recent admissions, the PHA will not be establishing eligibility or suitability of the family at reexamination. However, annual reexaminations will require re-verification of income, composition and other family circumstances that might affect the eligibility of any family members and their qualification for income exclusions, deductions, etc. The PHA's own internally-developed materials used to gather basic family information in the reexamination process are critical. These materials should be examined closely to ensure that they are effective in identifying all aspects of the family's situation, that key information is not omitted and that the PHA is using the materials properly and consistently. The HUD reviewer should review the reexamination materials used for this family to ensure that all relevant information has been verified and documented by the PHA. • All information related to income, exclusions, deductions, other factors affecting rent, family composition and circumstances, etc. • All information relevant to eligibility of new family members, SSNs, citizenship and eligible immigration status, criminal and drug activity screening, registered sex offender screening, etc. • All information relevant to changing family circumstances which might affect family income and rent. This could include current family members gaining citizenship or eligible immigration status since admission, or since the last reexamination. **Many PHAs use Form HUD-50058 as a supporting document for reexaminations. While maintaining a copy of the HUD-50058 in the tenant's file as a supporting document is certainly acceptable, the HUD-50058 was not designed to serve as a reexamination form. In reviewing the tenant files, the HUD reviewer should ensure that the PHA does not rely solely on the HUD-50058 to document the reexamination process.**

A. Family Composition

Lines	File Review Guidance
3.h.	**Ensure that all family members are clearly identified, that family composition and member characteristics are clear, and that this information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a. **through** Line A.1.i.**), earlier in this section.** **Where family composition and characteristics have changed since admission or since the last reexamination, including adding new members, ensure that the PHA is capturing this information in the reexamination process, properly screening these new members for eligibility and suitability for tenancy, as it would with any new admission to the program.** In addition, if the family household has added new residents who are <u>not</u> family members (e.g., live-in aides, foster children, foster adults, etc.), ensure that the PHA is capturing this information and applying some form of screening to these new residents, as well.
3.i.	Confirm that a copy of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, was signed by each member of the family household age 18 years or older. Refer to the **"(9886)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the notice. The PHA should secure signatures at the time of reexamination as a condition of continued assistance for reexamination families.
3.j.	**The family is required to disclose SSNs for all family members at least six (6) years of age. The PHA is required to document SSNs, using appropriate verification methods. If no SSN has been assigned to a particular family member, a certification to that effect must be in the file. Ensure that SSN information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a. **through** Line A.1.i.**), earlier in this section.** For a reexamination family, SSNs should have been disclosed and verified during admission or a prior reexamination and would not have to be re-verified unless family member circumstances have changed. However, the HUD reviewer may need to search documentation prior to the current reexamination to identify SSN disclosure, documentation and/or certification. The tenant file should include disclosure and documentation of SSNs for any <u>new</u> family members joining the family since the prior reexamination, as well as disclosure and documentation of any family members who have reached the age of six (6) since the prior reexamination, and did <u>not</u> disclose/document SSNs at the prior reexamination.

A. Family Composition

Lines	File Review Guidance
3.k.	The family is required to establish citizenship or eligible immigration status for each family member. The PHA is required to document this information, using appropriate verification methods. Where the family is unable to establish citizenship or eligible immigration status for each family member, the family may still qualify as a "mixed" family eligible for *prorated* rental subsidy assistance.
	Ensure that information is adequately documented for all family members using proper verification methods. Refer to the **"(C/EI)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the documentation.
	For those <u>non</u>-citizen family members claiming eligible immigration status, and who submit the required documentation and evidence, the PHA is required to verify that status with the Immigration and Naturalization Service (INS). This verification process would be conducted by the PHA simultaneously with verification of other aspects of the family or family member's eligibility. The INS verification process involves primary and secondary verification:
	<u>Primary Verification</u>
	Primary verification of the individual's eligible immigration status is conducted by the PHA through the INS automated system – Systematic Alien Verification for Entitlements (SAVE). The SAVE system provides the following information:
	• Alien registration number
	• Verification number
	• First name
	• Last name
	• Immigration status message (If the primary verification method confirms eligible immigration status, the PHA will receive a message of "INS Status Confirmed." If the primary verification method fails to confirm eligible immigration status, the PHA will receive a message of "Institute Secondary Verification." In this case, secondary verification must be performed.)
	<u>Secondary Verification</u>
	Within 10 days of receiving the response of "institute secondary verification," the PHA must initiate secondary verification. The PHA submits a written request for secondary verification to a designated INS office. The request consists of photocopies (front and back) of the original INS documents submitted by the individual, attached to a copy of INS form G-845S. Upon receipt of this information, INS undertakes a manual search of its records in an attempt to determine the individual's immigration status. Upon conclusion of this manual search, INS will return the documents to the PHA with a completed copy of INS form G-845S. If eligible immigration status is confirmed, the form will so indicate. If INS is unable to confirm eligible immigration status, the form will so indicate.
	For a reexamination family, verification on citizenship or eligible immigration status should have been submitted and verified during admission or a prior reexamination. Status would not have to be re-verified unless circumstances have changed for any family member. However, the HUD reviewer may need to search documentation prior to the current reexamination to identify citizenship/immigration status evidence, documentation, certifications, etc. This determination is especially important for establishing whether the family is a "mixed" family eligible for *prorated* rental assistance.
	• The tenant file should include documentation of citizenship or eligible immigration status for any <u>new</u> family members joining the family since the prior reexamination, as well as disclosure and documentation of any family members whose citizenship status or eligible immigration status has

		changed since the prior reexamination.

B. Annual Income and Assets

For any Section 8 HCV family, accurate determination of Annual Income is the first step in accurate calculation of Adjusted Income, Rent, and Housing Assistance Payments (for Section 8 HCV). For any public housing family electing to pay an income-based rent, accurate determination of Annual Income is the first step in accurate calculation of Adjusted Income and Tenant Rent. Accurate calculation of Annual Income and Tenant Rent is also crucial to permit a public housing family to make an informed choice about which rent method they prefer – income-based or flat – both at the time of admission and at the time of reexamination.

This section of the checklist focuses on the various potential income streams for the family – earned income, benefit income, assets, Social Security, etc. The HUD reviewer should ensure that the PHA is correctly identifying all relevant income sources and correctly determining amounts to be included in Annual Income and amounts to be excluded from consideration as Annual Income. In addition, the PHA should understand the distinction between amounts that are excluded from Annual Income "off-the-top" and amounts that are deducted from Annual Income when calculating Adjusted Income (discussed in section **D. Adjusted Income** of the checklist).

The HUD reviewer should ensure that PHA calculations of income are correct, including *annualizing* income for the full 12 month period. The HUD reviewer should also ensure that all income sources and amounts are adequately verified and documented using the basic principles and hierarchy of verification.

As with many other criteria related to admission and reexamination, no standard format exists for recording critical information on Annual Income. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify the PHA-developed application and reexamination form(s) or other documents and materials used by the PHA to capture income information in the admissions and reexamination processes. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

The HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, nor can it ensure that the PHA accurately identifies appropriate income amounts. In this respect, the tenant file review process is more than an exercise in checking math.

Lines	File Review Guidance
1.	Based on the tenant file documentation, record the **Final Asset Income** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Annual Income and Assets Worksheet*** (Appendix C) to compute assets and asset income, refer to the result on **Line 5.** of the assets table. Make a note where the PHA calculation of assets and asset income disagrees with the HUD calculation. Assets include, but are not limited to: • Savings accounts • Stocks, bonds and other forms of capital investments • Real property (land or property owned or bequeathed) Ensure that the PHA includes any business or family assets that the family may have disposed of for *less than fair market value* during the two (2) years preceding the effective date of the admission or reexamination (as appropriate).

B. Annual Income and Assets

Lines	File Review Guidance
	Assets do not include: • Interest in Indian Trust Lands • Equity accounts in HUD homeownership programs • Necessary items of personal property, such as furniture and automobiles • Trust funds, in cases where the trust is not revocable by, or under the control of, any member of the family or household. For each asset, establish the net cash value of the asset. The actual dollar value of the asset may have been known by the PHA at the time of the admission/reexamination (e.g., the amount in a savings account). PHA policy may also establish some formula to determine the value of an asset that may fluctuate over the course of the year. In some cases, a family might incur costs if the asset were to be actually liquidated by the family. In such cases, the dollar value of the asset should be the *net* cash value, after subtracting any costs to sell the asset from the asset's value. If the asset is expected to generate any actual "income" (such as interest on a savings account), establish the amount of income that the asset is anticipated to generate in the 12-month period following the effective date of the admission/reexamination. Final asset income is determined by using the *larger* of total anticipated actual asset income or imputed asset income. Cross check with HUD-50058, line 6j.
2.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified all assets for all family members. Ensure that the PHA has checked for any assets disposed of for less than fair market value in the two (2) years preceding the effective date of the admission/reexamination. Ensure that assets are adequately verified and documented using the basic principles and hierarchy of verification.
3.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately determined the net cash value of any asset listed. Where the PHA has established that the family disposed of assets for less than fair market value in the two (2) years preceding the effective date of the admission/reexamination, confirm that the PHA accurately established the fair market value of the disposed asset as well as the actual value received in the disposition. Ensure that the asset values are adequately verified and documented using the basic principles and hierarchy of verification.
4.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately determined the anticipated actual income (if any) generated by the assets listed. Ensure that asset income is adequately verified and documented using the basic principles and hierarchy of verification.
5.	Where the PHA has verified that the total net cash value of the family's assets exceeds $5000, use the PHA's determinations from the tenant file and the HUD-50058 to confirm that the PHA has accurately calculated an imputed asset income based on the current passbook rate. Ensure that the PHA is using the appropriate passbook rate.

B. Annual Income and Assets

Lines	File Review Guidance
6.	Use the PHA's determinations from the tenant file and the HUD-50058 and confirm that PHA appropriately calculated final asset income by using the larger of total anticipated actual asset income (if any) or imputed asset income (if assets exceed $5000).
7.	Based on the tenant file documentation, record the **Total Annual Income** for the tenant family in the space provided on this line. If the HUD reviewer used the *Annual Income and Assets Worksheet* (Appendix C) to compute Annual Income, refer to the result on **Line 4.** of the Annual Income table. Make a note where the PHA calculation of Annual Income disagrees with the HUD calculation.

<div style="text-align:center">Income may be received from a variety of sources. Form HUD-50058 categorizes these sources as:</div>

- **Wages**, including business income, federal wages or compensation, PHA wages or compensation, military wages, or other wages received from a public or private source.
- **Welfare**, including general welfare assistance, annual imputed welfare income, and TANF assistance.
- **SS/SSI/Pensions**, including periodic pensions and annuities, Supplemental Security Income, Social Security benefits, etc.
- **Other Income Sources**, including child support, medical reimbursement, Indian Trust/per capita, other non-wage sources, unemployment benefits, etc.

There are many types of income that are excluded "off-the-top" when calculating Annual Income. Using the file documentation, examine the record of any income sources where the PHA has identified the income source but has elected not to count the income in the Annual Income computation. Ensure that the PHA has not inappropriately excluded sources of income that should be included. A partial listing of income sources to be excluded:

- Wages of family members under age 18
- Earnings over $480 for full-time students over age 18
- Payments for student financial assistance paid directly to the student or educational institution.
- Lump-sum additions to family assets (inheritance, insurance payments, capital gains, etc.)
- Lump-sum payments of deferred benefits
- Temporary, non-recurring, sporadic income
- Amounts received for reimbursements of medical expenses of any family member
- Income of a Live-in Aide
- Adoption assistance payments in excess of $480 per child
- Payments to keep developmentally disabled family members at home.
- Payments received for care of foster children or adults
- Special armed forces pay
- Foreign government reparations payments.
- Earnings and benefits from employment training programs funded by HUD
- Incremental earnings/benefits from participation in qualifying state/local employment programs
- Reimbursement for out-of-pocket expenses while attending a public assisted training program
- Resident service stipend not to exceed $200 for services to the PHA (if applicable to PHA)

B. Annual Income and Assets

Lines	File Review Guidance
	Because Annual Income reflects the amount of income anticipated to be received in the 12-months following the effective date of the admission/reexamination, any income information received by the PHA for a lesser period must be projected out over the entire 12-month period. To do this, it may be necessary to establish the *rate* at which this lesser income amount is received (e.g., hourly, weekly, monthly, etc.) in order to calculate an *annualized* amount of income that reflects the total amount of income that would be received by the family member over the entire 12-month period. Note that there are certain conditions under which the PHA must provide an ***earned income exclusion*** from Annual Income to a qualified family. Earned income exclusion is addressed on **Line 9.** and **Line 10.**
8.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that wages and earned income are accurately identified for all family members, and adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated wages and earned income.

9.	Where a family member is eligible for the ***earned income exclusion***, confirm that the exclusion was accurately calculated by the PHA. In the public housing program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for <u>any</u> family member. In the Section 8 HCV program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for <u>any family member who is a person with disabilities</u>. Generally, this earned income exclusion would not apply to a **recent admission** family in either program. In the Section 8 HCV program, the earned income exclusion would also not apply to a **portability-in** family, where the family was <u>not</u> already receiving assistance in the Initial PHA's jurisdiction. This is because the earned income exclusion does not apply for purposes of admission to the program. However, in the Section 8 HCV program, the earned income exclusion <u>would apply</u> to a **mover** family, moving with continued assistance within the PHA's jurisdiction, and a **portability-in** family, where the family <u>was</u> already receiving assistance in the Initial PHA's jurisdiction. These categories of families are already receiving assistance under the HCV program and are not being initially admitted. Conditions under which the PHA must provide an ***earned income exclusion*** include: • Family's Annual Income increases as a result of the employment of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), and who was previously unemployed for one or more years prior to employment; • Family's Annual Income increases as a result of increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during participation in any economic self-sufficiency or other job training program; • Family's Annual Income increases as a result of new employment or increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during or within 6 months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title VI of the Social Security Act, as determined by the PHA in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WtW) programs.

B. Annual Income and Assets

Lines	File Review Guidance
	For a qualified family – For the first cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences the increase in Annual Income attributable to employment, there is a 100% exclusion from the family's Annual Income. For the second cumulative 12-month period beginning on the date the family member is first employed or the family first experiences the increase in Annual Income attributable to employment, the exclusion is a 50% exclusion from the family's Annual Income. This can be a complicated and tricky determination, and the HUD reviewer should examine PHA documentation and calculations carefully for consistency with regulatory criteria and current HUD guidance. Note that the current version of the HUD-50058 does not lead the PHA through the calculation of earned income exclusion. The PHA should have its own locally-developed materials to calculate this exclusion and to document how the excluded amount was arrived at. The resulting excluded amount would then be recorded on the HUD-50058 in the appropriate space on line 7e.
10.	***Public Housing only***: As an alternative to the earned income exclusion, the PHA may offer the family an *Individual Savings Account (ISA)*. The decision to offer an ISA in lieu of the earned income exclusion is entirely discretionary on the part of the PHA, not the family. The PHA's Admissions and Occupancy policies must outline this policy, if the PHA chooses to adopt this approach. Where the PHA is offering an ISA in lieu of the earned income exclusion, the PHA would calculate rent as usual, but would deposit into the account the difference between the rent amount actually collected and the amount that would have been collected with the earned income exclusion. On this **Line 10.**, confirm that the PHA is accurately calculating the amount and depositing this amount into the family's account. The HUD reviewer should examine PHA records on deposits to the family's account, to ensure consistency with the documentation in the tenant file. The HUD reviewer should also look for evidence that the PHA has provided the family with an annual report on the status of the account, as required by regulations.
11.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified sources of welfare benefit income for all family members. Ensure that welfare benefit income is adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated welfare benefit income.
12.	If the family has welfare benefit income, determine if the family has experienced a *specified welfare benefits reduction*. If so, confirm that the PHA properly basing welfare benefit income on <u>imputed</u> welfare income, verifying and documenting the amount of the reduction, reason for reduction, etc.
13.	If the PHA has based welfare benefit income on <u>imputed</u> welfare income, determine if the file contains any evidence that the family requested a review of the PHA's calculation of income. If so, review the PHA's documentation. Where the PHA denied the family's request or refused to change the amount after review, ensure that the PHA provided proper written notice to the family

B. Annual Income and Assets

Lines	File Review Guidance
14.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified Social Security, Supplemental Security Income (SSI) and other pension income for all family members. Ensure that Social Security, SSI and other pension income is adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated Social Security, SSI and other pension income.
15.	Use the results from the table, as well as the PHA's determinations from the tenant file and the HUD-50058, and confirm that the PHA has accurately identified all "other" income sources for all family members. Ensure that "other" income is adequately verified and documented using the basic principles and hierarchy of verification discussed in the Introduction. Ensure that the PHA has accurately calculated "other" income.
16.	In general, based on your file review, make an overall determination that the **Total Annual Income** figure computed by the PHA and used for this family was accurately calculated and that all sources and amounts were properly verified and documented using the basic principles and hierarchy of verification. Make note of the specific areas where PHA calculation of Annual Income disagrees with the HUD calculation.

C. Dwelling Unit / Utility Allowance

This section captures basic information about the actual unit occupied by the tenant family. For purposes of income and rent determinations, this information is important for establishing the utility allowance to be provided to the family and, for the Section 8 HCV, will impact the family's rent and HAP payments to the owner.

All relevant information should be found in the tenant file on the dwelling lease, inspection form(s), and other PHA-developed materials.

Lines	File Review Guidance
1.a.	Record the address of the unit where the tenant family lives. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. For **recent admission**, **mover** and **portability-in** families in the Section 8 HCV program, the information should also be found on HUD-52517: Request for Tenancy Approval. Cross check the unit address with HUD-50058, line 5a.
1.b.	Record the actual number of bedrooms in the unit where the family lives. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file, including the Housing Quality Standards (HQS) inspection report for Section 8 HCV families. For **recent admission**, **mover** and **portability-in** families in the Section 8 HCV program, cross check this information with the unit size listed on the family's Housing Voucher, HUD-52646, based on the PHA's subsidy standards. It is possible that the family selected a unit whose size is different than the unit size listed on the family's voucher. Cross check the number of bedrooms in the unit with HUD-50058, line 5d.

C. Dwelling Unit / Utility Allowance

Lines	File Review Guidance
2.a.	*Public Housing only*: Record the name of the project where the unit is located. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. Project name is not reflected on the HUD-50058.
2.b.	*Public Housing only*: Record the project number where the unit is located. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. Cross check the project number with HUD-50058, line 1d.
3.a.	Based on the file documentation, determine if the family is responsible for some or all of the unit's utilities, appliances or other housing services. If the answer is "Yes", go to **Line 3.b.** If the answer is "No", enter $0 on **Line 3.b.** and proceed to *Section D. Adjusted Income*.
3.b.	Where the tenant family is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, the family must be given a utility allowance in the Section 8 HCV program. Generally, for a **recent admission**, **mover**, or **portability-in** family in the Section 8 HCV program, the Request for Tenancy Approval should fully outline the utility combination for this unit and responsibility for utilities. However, the PHA may have determined that the owner's proposed rent was not rent reasonable and the owner subsequently changed the rent amount. One approach to changing the rent amount might have been a change in responsibility for certain utilities – e.g., the owner might have elected to assume responsibility for providing additional utilities under the lease. In this case, the utility combination on the Request for Tenancy Approval would need to be revised to reflect these changes in utility responsibilities. For a **reexamination** family, the utility combination might have changed significantly since the prior reexamination (or initial leasing). Both the dwelling lease and the HAP contract should specify the current combination of utilities and appliances, particularly if these have changed. In the public housing program, where the tenant family is paying an income-based rent and is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, the family must also be given a utility allowance. Utility allowances should be based on the PHA's schedule for such allowances, taking into account the size and type of unit and the type of utility used. Note that, even between units of the same bedroom size in the same project, utility allowances may vary due to actual unit physical size, location within the project, types of utilities applicable to different units, etc. Based on the tenant file documentation, record the **Total Utility Allowance** provided to the tenant family in the space provided on this line. If the HUD reviewer used the *Utility Allowance Worksheet* (Appendix C) to compute utility allowance, refer to the total from the utility allowance table on the worksheet.
3.c.	Based on your file review, make a determination that the **Utility Allowance** computed by the PHA and used for this family was accurately calculated, based on the appropriate PHA utility allowance schedule(s). Make a note where the PHA determination of utility allowance disagrees with the HUD determination.

D. Adjusted Income

In computing **Adjusted Income**, the PHA must take **Total Annual Income** and subtract various deductions. There are four basic <u>mandatory</u> income deductions that must be provided to qualified families when computing Adjusted Income:

- Dependent deduction;

- Elderly/Disabled Family deduction;

- Medical/Disability Assistance Expenses deduction;

- Child Care Expenses deduction

For all tenant files reviewed, ensure that the PHA has verified the family's qualification for the deductions using appropriate verification methods. Ensure that the PHA has properly calculated the mandatory deduction amounts. Note instances where the PHA has <u>not</u> provided the appropriate deduction to an apparently qualified family.

In the public housing program, the PHA has the discretion to establish additional deductions from Annual Income, over and above the mandatory deductions, when computing Adjusted Income. These are <u>permissive</u> deductions and must be adopted by written policy. The HUD reviewer should review the PHA's Admissions and Occupancy Policies and determine if the PHA has adopted any permissive deductions. If so, ensure that the family has been given any appropriate permissive deductions for which they qualify, based on the PHA's policy. Ensure that these permissive deductions are properly verified using appropriate verification methods, and that the deduction amounts are properly calculated.

As with Annual Income, no standard format exists for recording or calculating Adjusted Income. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify the PHA-developed application and reexamination form(s) or other documents and materials used by the PHA to capture income information in the admissions and reexamination processes. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

Again, the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts. In this respect, the tenant file review process is more than an exercise in checking math.

Lines	File Review Guidance
1.a.	Based on the tenant file documentation, record the **Dependent Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 1.b.** of that worksheet. Dependents include any family members who are under age 18, have a disability, or are full-time students of any age. Dependents who are temporarily absent from the home, but listed on the lease, should be included. Dependents do not include household members who are head of household, spouse of head, foster children, foster adults, live-in aides, the children of live-in aides, or any other members of the household who are not considered family members. Cross check the number of dependents with HUD-50058, line 8q. Where the family has dependents, total dependent deduction should be calculated by multiplying the total number of dependents times the standard dependent deduction of $480 per dependent. Cross check with HUD-50058, line 8r. to ensure that PHA has used the standard deduction amount in its calculation. Cross check total dependent deduction amount, as reflected in tenant file, with HUD-50058, line 8s.

D. Adjusted Income

Lines	File Review Guidance
1.b.	Ensure that the PHA has accurately calculated the dependent deduction amount, and that dependent status is properly verified and documented by the PHA. Make a note where the PHA determination of dependent deduction disagrees with the HUD determination.
2.a.	Based on the tenant file documentation, record the **Elderly/Disabled Family Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to calculate deductions, refer to the result on **Line 2.b.** of that worksheet. Confirm whether the family qualifies as an "elderly/disabled" family. For the family to qualify for this deduction, the head of the family, the spouse of the head, or the sole member of the family must be a person age 62 or over, <u>or</u> be a disabled person. Refer to the checklist table under section ***A. Family Composition,*** where age and disability status of family head and spouse were established. The standard "elderly/disabled" family deduction is $400 per family. Note that this deduction is <u>per family</u>, not per individual. Cross check with HUD-50058, line 8p. to ensure that PHA has used the standard deduction amount in its calculation.
2.b.	Ensure that the PHA has accurately calculated the elderly/disabled family deduction amount, and that the family's status is properly verified and documented by the PHA. Make a note where the PHA determination of elderly/disabled family deduction disagrees with the HUD determination.
3.a.	Based on the tenant file documentation, record the **Medical/Disability Assistance Expenses Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to calculate deductions, refer to the result on **Line 14.** of that worksheet. A family is entitled to a deduction for the sum of the following, to the extent the sum exceeds three percent of Annual Income: • Unreimbursed medical expenses for an elderly or disabled <u>family</u> (i.e., head, spouse or sole member is elderly or disabled); • Unreimbursed reasonable attendant care and auxiliary apparatus expenses for <u>each</u> member of any family who is a person with disabilities, to the extent necessary to enable <u>any</u> member of the family (including the member with disabilities) to be employed. Any deduction given for these types of expenses may not exceed the earned income received by the family member(s) who are 18 years of age or older and who are enabled to work because of the care or apparatus. This can be a tricky computation, particularly when the family has <u>both</u> medical expenses and attendant care/auxiliary apparatus expenses. The HUD-50058, lines 8f. – 8n., correctly leads the PHA through this calculation, assuming the PHA has accurately identified and verified the expense amounts used.
3.b.	Ensure that the PHA has accurately calculated the medical/disability assistance expenses deduction amount, and that the expenses are properly verified and documented by the PHA. Make a note where the PHA determination of medical/disability assistance expenses deduction disagrees with the HUD determination.

D. Adjusted Income

Lines	File Review Guidance
4.a.	Based on the tenant file documentation, record the **Child Care Expenses Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 20.** of that worksheet. Child care expenses are defined as: Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which Annual Income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in Annual Income. Not <u>all</u> child care expenses are eligible to be used as a deduction. Only child care expense that are necessary to enable a member of the family to seek employment, be gainfully employed or to further his/her education are eligible. Child care expenses for any other purpose are not eligible as a deduction. Of course, a PHA could interpret these terms broadly. Many activities could fall under the umbrella of "enabling a family member to actively seek employment or be gainfully employed" or "enabling a family member to further his/her education." Again, PHA policy should clarify the types of employment-related or education-related activities that might qualify for the child care expenses deduction Determine if the family includes <u>any</u> family members who are under age 13. Refer to the checklist table under section ***A. Family Composition,*** where date of birth of each family member was confirmed. Cross check with HUD-50058, line 8t.
4.b.	Ensure that the PHA has accurately calculated the child care expenses deduction amount, and that the expenses are properly verified and documented by the PHA. Make a note where the PHA determination of child care expenses deduction disagrees with the HUD determination.
5.a.	***Public Housing only:*** Based on the tenant file documentation, record the **Total Permissive Deductions** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to calculate deductions, refer to the result on **Line 22.** of that worksheet. PHAs may adopt, by written policy, *permissive* deductions from Annual Income to determine Adjusted Income. Permissive deductions are one of many strategies that the PHA may adopt as an *alternative* approach to dwelling rents. Adoption of permissive deductions is at the sole discretion of the PHA, provided the amounts are not already required to be deducted from Annual Income and are not reimbursed to the family from some other source. While the PHA may elect to give permissive deductions for any number of good reasons, all of these deductions will mean reduced rents, and it is the PHA that must absorb any resulting reduction in rents. Review the PHA's Admissions and Occupancy policies and determine if the PHA has adopted any *permissive* deductions from Annual Income. Obviously, the specific permissive deduction, the deduction amount and eligibility for the deduction will vary widely from PHA to PHA.

D. Adjusted Income

Lines	File Review Guidance
5.b.	Confirm that the PHA has accurately calculated the permissive deduction amount. Confirm that any expenses that form the basis for the calculations were properly verified and documented using the basic principles and hierarchy of verification discussed in the Introduction. Confirm that the family was eligible for the permissive deductions awarded. Determine if the family appeared to be eligible for permissive deductions that were <u>not</u> awarded by the PHA and, if so, has the PHA documented the reasons for not awarding the deductions. Make a note where the PHA determination of permissive deductions disagrees with the HUD determination.
6.a.	Based on the tenant file documentation, record the **Total All Deductions** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to deductions, refer to the result on **Line 24.** of that worksheet. The total of all of the deductions given to the family should equal the total of these checklist figures: • **Dependent Deduction (Line 1.a.)** • **Elderly/Disabled Family Deduction (Line 2.a.)** • **Medical/Disability Assistance Expenses Deduction (Line 3.a..)** • **Child Care Expenses Deduction (Line 4.a.),** and • **Permissive Deductions (Line 5.a.)** Cross check the total with the PHA's calculations and HUD-50058, line 8x.
6.b.	In general, based on your file review, make an overall determination that the **Total All Deductions** figure computed by the PHA and used for this family was accurately calculated and that all circumstance and deduction amounts were properly verified and documented using the basic principles and hierarchy of verification. Is there consistency and agreement between the documentation in the tenant file, the PHA's calculations, the information recorded on HUD-50058, and your calculations? Does the documentation in the tenant file actually support the deductions given? Make note of the specific areas where PHA calculation of deductions disagrees with the HUD calculation.
7.a.	Based on the tenant file documentation, record the **Total Adjusted Income** for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to deductions, refer to the result on **Line 25.** of that worksheet.
7.b.	In general, based on your file review, make an overall determination that the **Total Adjusted Income** figure computed by the PHA and used for this family was accurately calculated. Make note of the specific areas where PHA calculation of Annual Income disagrees with the HUD calculation.

Complete Section E. for a Public Housing family only.

E. Rent – Public Housing only

Public housing tenant families are given a choice of paying either an Income-based Rent or a Flat Rent (not based on income), both at the time of admission and at the time of annual reexamination. At the time of annual reexamination, a tenant family may "switch" from their current rent method to the alternative rent method

For those families choosing an Income-based Rent, the first steps in computing rent are to compute Annual Income and Adjusted Income. The actual income-based rent methodology used by the PHA can be either the "traditional" method (i.e, 30% of Adjusted Income / 10% of Annual Income / Welfare Rent), or an *"alternative"* method, developed by the PHA. Whatever the method, an income-based rent cannot exceed the rent that would be calculated under the traditional method. Income-based rents must be no lower than a PHA-established minimum rent, and may also be "capped" on the upper end by a PHA-established ceiling rent.

For those families choosing a Flat Rent, rent is based on a flat rent schedule for all units, developed by the PHA, based on comparability with the local rental market. The PHA is also required to compute an income-based rent, where necessary to permit the family to compare the rents based on the two methods and make an informed choice. The family must provide updated income information in order for the PHA to make the calculation.

Between the time of admission and the family's first annual reexamination, and between regularly scheduled annual reexaminations, the family paying a flat rent may choose to "switch" from the flat rent to the income-based rent. Under these circumstances, the PHA should conduct an interim reexamination for the family in order to establish the income-based rent. Again, the family must provide updated income information in order for the PHA to make the calculation.

For either rent method, income-based or flat, the rent may be "prorated" for a family that includes both members with citizenship or eligible immigration status and members without citizenship or eligible immigration status.

Because of the great flexibility given PHAs in designing their approach to tenant rent, the HUD reviewer will need to examine the PHA Plan and Admissions and Occupancy policies carefully to gain a thorough understanding of the PHA's policies and procedures, how the PHA's alternative method (if any) works, calculations made, percentages used, flat rent schedule, etc. PHA materials in the tenant file should give a clear picture of how any rent method was applied to this tenant family. As with income, no standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify any PHA-developed documents and materials used by the PHA to calculate rent. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

Again, remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts.

Lines	File Review Guidance
1.a.	Based on the tenant file documentation, indicate whether the tenant file record includes evidence that the family was given a choice of the two rent methods: **Income-based Rent** or **Flat Rent**. This information should be clearly documented in the tenant file
1.b.	Based on the tenant file documentation, indicate whether the Tenant Rent is an **Income-based Rent** or a **Flat Rent**. Cross check the type of rent method selected with HUD-50058, line 10u.

E. Rent – Public Housing only

Where the family has elected to pay an **Income-based Rent**, complete **Line 2.** through **Line 16.** of the checklist. Where the family has elected to pay a **Flat Rent**, skip these lines and proceed to **Line 17.** of the checklist.

Lines	File Review Guidance
2.	Review the PHA's Admissions and Occupancy policies and determine if the PHA has adopted an *alternative* method for computing income-based rent. Indicate the type of income-based rent method used: *traditional* method or a PHA *alternative* method (if any). Where the PHA has adopted an *alternative* method, it will still be necessary to compute TTP under the traditional method to establish the <u>upper limit</u> of the *alternative* income-based TTP. The PHA is permitted to develop an income-based rent structure that uses income-based rents <u>other than</u> the traditional "30% of Adjusted / 10% of Annual" Total Tenant Payment (TTP) figures. The PHA can develop income-based rent policies that use a percentage of family income (Annual or Adjusted Income) or some other "reasonable" system to determine income-based rents. One restriction is that the traditional TTP amount now becomes the <u>upper limit</u> of what the PHA can use as an income-based rent. In other words, the PHA's rent policies cannot establish income-based rents that would <u>exceed</u> the amounts calculated under the traditional TTP method, but it can establish income-based rents that would be <u>less</u> than the amounts calculated under the traditional TTP method. Utility allowances and utility reimbursements still apply. So, whatever income-based rent the PHA comes up with, added to whatever utility allowance the family has to pay, cannot exceed the traditional TTP amounts. If the utility allowance exceeds the PHA-determined income-based rent, then utility reimbursements would be paid by the PHA. This latitude gives the PHA lots of options on how to handle income-based rents. Many of these options for *alternative* methods are simply variations on the traditional method and are addressed in other sections of the checklist. For example: The PHA could adopt permissive deductions to Annual Income when computing Adjusted Income (discussed under section **D. Adjusted Income**); The PHA could adopt ceiling rents as a "cap" on traditional income-based rents(discussed later in this section of the checklist); The PHA could compute income-based rent under the traditional method and deposit a portion of the rent in an escrow or savings account for the future benefit of the family. However, the PHA could also adopt a rent approach that uses percentages different from the traditional "30% of Adjusted / 10% of Annual" approach.
3.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate TTP, refer to the result on **Line 2.** of that worksheet. Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 10d. (if capped by ceiling rent).
4.	Based on the tenant file documentation, conclude that the PHA accurately calculated traditional, income-based TTP, based on the documented Annual and Adjusted Income amounts.

E. Rent – Public Housing only

Lines	File Review Guidance
5.a.	Where the TTP is based on the minimum rent, the PHA must grant an exemption from minimum rent to any family if the PHA determines that the family is unable to pay the minimum rent due to financial hardship (unless hardship is temporary).
	Review the tenant file record and determine whether the family requested "financial hardship exemption" from paying a minimum rent. If so, ensure that the PHA established that a qualifying long-term financial hardship existed, based on regulatory requirements for suspension of minimum rent and on any other circumstances established by PHA policy. Ensure that this determination is documented using appropriate verification techniques.
	Cross check with HUD-50058, line 9m.
5.b.	Ensure that the PHA correctly suspended the minimum rent for a qualifying long-term, financial hardship exemption. Where the minimum rent was waived, cross check with HUD-50058, line 9h.
	Where the PHA verified that the hardship was temporary, ensure that the PHA correctly reinstated the minimum rent in accordance with regulatory requirements. Ensure that these determinations are documented using appropriate verification techniques.
6.	A family which includes both members <u>with</u> and members <u>without</u> citizenship or eligible immigration status (i.e., a "mixed" family) must have its rent "prorated" based on the percentage of family members with citizenship or eligible immigration status. This proration of rent applies to all families, regardless of whether the family chooses an income-based rent or a flat rent.
	For purposes of proration of an income-based rent, indicate whether the tenant file includes evidence that the PHA determined the family to be a "mixed" family. Refer back to section **A. Family Composition** of the checklist to confirm whether the family includes members without citizenship or eligible immigration status. Ensure that this documented in the file, using appropriate verification techniques. Cross check with HUD-50058, lines 10j. and 10k.
	Where the family is a "mixed" family, eligible for prorated assistance, and paying a traditional, income-based rent, skip **Lines 7.** through **10.** and proceed to **Line 11.**
7.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a tenant family paying an income-based rent where the rent is computed based on an *alternative* income-based method. If the HUD reviewer used the **Public Housing Rent Worksheet** (Appendix C) to calculate TTP, refer to the result on **Line 3.** of that worksheet.
	Because of the significant flexibility given to PHAs in the development of an *alternative* income-based rent system, no single approach will apply to all PHAs in all situations. Where the PHA has adopted an *alternative* income-based rent method, the HUD reviewer will need to carefully examine the PHA's A&O policies to fully understand the PHA's method. PHA-developed materials, worksheets, computer software, and other tools used by the PHA to compute an *alternative* income-based rent will be critical.
	Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 10d. (if capped by ceiling rent). Also, examine HUD-50058, line 9e. to determine if a percentage other than 30% was used to calculate percentage of Adjusted Monthly Income and, if so, does this percentage match the PHA's *alternative* income-based rent method?

E.   Rent – Public Housing only

Lines	File Review Guidance
8.	Based on your understanding of the PHA's alternative income-based method and your review of the PHA's documentation, confirm that the PHA has accurately calculated alternative income-based TTP. If necessary, attach copies of any worksheets or documents used by the PHA to arrive at the alternative income-based TTP.
9.	Income-based TTP computed by the traditional method acts as an upper limit on the amount of income-based TTP computed by the PHA *alternative* method. Ensure that the PHA has made this comparison between TTP amounts computed by both methods, and that the *alternative* method TTP does not exceed the traditional method TTP. Refer to the traditional method income-based TTP found on **Line 3.**
10.	A family which includes both members <u>with</u> and members <u>without</u> citizenship or eligible immigration status (i.e., a "mixed" family) must have its rent "prorated" based on the percentage of family members with citizenship or eligible immigration status. This proration of rent applies to all families, regardless of whether the family chooses an income-based rent or a flat rent. For purposes of proration of an income-based rent, indicate whether the tenant file includes evidence that the PHA determined the family to be a "mixed" family. Refer back to section ***A. Family Composition*** of the checklist to confirm whether the family includes members without citizenship or eligible immigration status. Ensure that this documented in the file, using appropriate verification techniques. Cross check with HUD-50058, lines 10j. and 10k. Where the family is a "mixed" family, eligible for prorated assistance, and paying an *alternative* income-based rent, proceed to **Line 11.**
11.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a "mixed" tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate prorated TTP for a "mixed" family, refer to the result on **Line 8.** of that worksheet. Cross check with HUD-50058, lines 10p.
12.	Based on the tenant file documentation, conclude that the PHA accurately calculated the prorated income-based TTP for a "mixed" family.
13.	Based on the tenant file documentation, record the **Tenant Rent** for a tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate Tenant Rent for a family paying an income-based rent, refer to the result on **Line 11.** of that worksheet. In general, Tenant Rent is computed by subtracting the appropriate utility allowance (**Line C.4.b.**) from the TTP (either **Line E.3.** or **Line E.11.**). Where the utility allowance exceeds the TTP, proceed to **Line 14.** Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent).

E. Rent – Public Housing only

Lines	File Review Guidance
14.	Based on the tenant file documentation, record the **Utility Reimbursement** for a tenant family paying an income-based rent, where the utility allowance exceeds the TTP. If the HUD reviewer used the *Public Housing Rent Worksheet* (Appendix C) to calculate utility reimbursement, refer to the result on **Line 12.** of that worksheet.
	Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent).
	Ensure that the file record indicates that the PHA is paying a utility reimbursement directly to the family or to the utility supplier(s).
15.	In general, based on your file review, conclude that the PHA's calculation of income-based **Tenant Rent** is accurate.
16.	Double-check the **Tenant Rent** amount against the PHA's rent rolls to ensure agreement and consistency.

Where the family has elected to pay an **Flat Rent**, complete **Line 17.** through **Line 20.** of the checklist. Where the family has elected to pay a **Income-based Rent**, skip these lines.

Lines	File Review Guidance
17.	Based on the tenant file documentation, record the **Flat Rent** applicable to this family. If the HUD reviewer used the *Public Housing Rent Worksheet* (Appendix C) to calculate utility reimbursement, refer to the result on **Line 13.** of that worksheet.
	The PHA must have a **Flat Rent** schedule establishing flat rents for all of its units. Review this schedule and determine the flat rent applicable to this dwelling unit. Cross check with HUD-50058, line 10b.
18.	Based on the tenant file documentation, record the prorated **Flat Rent** for a "mixed" tenant family, in the space provided on this line. If the HUD reviewer used the *Public Housing Rent Worksheet* (Appendix C) to calculate prorated flat rent for a "mixed" family, refer to the result on **Line 18.** of that worksheet.
	This amount should have been entered on HUD-50058, line 10b., as the "Unit's flat rent."
	NOTE that the HUD-50058 does not lead the PHA through the calculation of a prorated Flat Rent. However, the **Form HUD-50058 Instruction Booklet**, **Appendix III**, includes a worksheet for computing prorated Flat Rent.
19.	In general, based on your file review, conclude that the PHA's calculation of **Flat Rent** is accurate.
20.	Double-check the **Flat Rent** amount against the PHA's rent rolls to ensure agreement and consistency.

Complete Section F. for a Section 8 Housing Choice Voucher family only.

F. Family Rent and HAP – Section 8 HCV only

This section of the checklist covers various calculations of rent and assistance payments which the PHA must make in the Section 8 Voucher program. This is a fairly detailed process, though not particularly complicated. The calculations are basic mathematical calculations. At different points in the process, the PHA makes various logical decisions, based on the numbers, which then lead the PHA on to the next set of calculations.

No standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. Most PHAs use some form of computer-based system or software application to calculate rent and HAP, based on figures entered by PHA staff. Remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts.

For purposes of the tenant file review, it's important for the HUD reviewer to understand how these calculations are made and not rely solely on the results generated through computer-based applications. By walking through the calculations, step-by-step, the HUD reviewer will get a clearer picture of the accuracy of the calculations and, more importantly, the key decision points in the process and why certain calculations are made in a certain manner. Ultimately, this will enable the HUD reviewer to better troubleshoot any PHA errors or misunderstandings and provide better technical assistance. In this respect, the rent and HAP review process should be more than simply an exercise in checking math.

Housing Conversion Actions: **Certain voucher-assisted families may have received their housing voucher pursuant to a housing conversion action, such as a project-based preservation prepayment, a project-based owner opt-out, a HUD enforcement action or a HUD property disposition.**

When a family receives a voucher in this manner, they may elect to stay **in the project where they already reside (possibly the same unit) and use their voucher assistance in that project (note that certain restrictions apply in these circumstances). Where the family chooses to stay and is eligible to do so, the family may qualify for** enhanced **voucher assistance. This** enhanced **assistance may impact the payment standard applied to the family, the family's rent and the HAP payments made for the family.**

Housing conversion actions and their relationship to Section 8 tenant-based assistance are thoroughly discussed in HUD Notice 2001-41 (HA), issued 11/14/2001. When reviewing a tenant file for a family receiving **enhanced** voucher assistance, refer to Notice 2001-41 for guidance on determining the appropriate family rent and HAP.

Lines	File Review Guidance
1.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to calculate TTP, refer to the result on **Line 2.** of that worksheet. Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 12r.
2.	Based on the tenant file documentation, conclude that the PHA accurately calculated Section 8 HCV TTP, based on the documented Annual and Adjusted Income amounts.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
3.a.	Where the TTP is based on the minimum rent, the PHA must grant an exemption from minimum rent to any family if the PHA determines that the family is unable to pay the minimum rent due to financial hardship (unless hardship is temporary). Review the tenant file record and determine whether the family requested "financial hardship exemption" from paying a minimum rent. If so, ensure that the PHA established that a qualifying long-term financial hardship existed, based on regulatory requirements for suspension of minimum rent and on any other circumstances established by PHA policy. Ensure that this determination is documented using appropriate verification techniques. Cross check with HUD-50058, line 9m.
3.b.	Ensure that the PHA correctly suspended the minimum rent for a qualifying long-term, financial hardship exemption. Where the minimum rent was waived, cross check with HUD-50058, line 9h. Where the PHA verified that the hardship was temporary, ensure that the PHA correctly reinstated the minimum rent in accordance with regulatory requirements. Ensure that these determinations are documented using appropriate verification techniques.
4.a.	Based on the tenant file documentation, record the **Payment Standard** applied to this Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine payment standard, refer to the result on **Line 3.** of that worksheet for any family who is a **recent admission**, **mover**, **portability-in**, or **enhanced voucher** family. Refer to the result on **Line 8.** of that worksheet for any family who is a **reexamination** family . Cross check with HUD-50058, line 12j.
4.b.	Based on the tenant file documentation, conclude that the PHA applied the appropriate payment standard to this tenant family, based on the PHA's payment standard schedule, the size of the family, the size of the unit the family occupies, and other criteria related to changes in the PHA's payment standard schedule and subsidy standards over the previous year.
5.	Based on the tenant file documentation, record the **Gross Rent** of the unit occupied by the Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine gross rent, refer to the result on **Line 11.** of that worksheet. In general, gross rent is computed by adding the appropriate utility allowance (**Line C.4.b.**) to the Rent-to-Owner. Cross check with HUD-50058, line 12p.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
6.	Based on the tenant file documentation, record the **Total Housing Assistance Payment (HAP)** to the owner, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine total HAP, refer to the result on **Line 12.c.** of that worksheet. In general, total HAP is based on the <u>lower</u> of the Payment Standard applicable to the unit, minus the TTP, or the Gross Rent of the unit, minus the TTP. Note that, when calculating HAP for *enhanced* voucher assistance families, there should be no difference between the Payment Standard and the Gross Rent. Cross check with HUD-50058, line 12s.
7.	Based on the tenant file documentation, conclude that the PHA accurately calculated total HAP.
8.a.	***Reexamination family only:*** Refer to the calculation of HAP (**Line 6.**) at the reexamination effective date (annual, interim, special, other, etc.). Was the HAP zero ($0)? If "Yes", proceed to **Line 8.b.** If "No", skip **Line 8.b.** and proceed to **Line 9.** If the reexamination results in a zero ($0) HAP, the family may continue as a program participant for six months from the date of the reexamination effective date. During that period the HAP contract between the PHA and the owner remains in effect. If the family circumstances change during the six month period and the family again needs assistance, the PHA conducts an interim reexamination and reinstates assistance. At the end of six months, if the subsidy has not been restored, the HAP contract will terminate.
8.b.	Where the calculation of HAP resulted in a zero ($0) HAP – At the point in time that you are reviewing this tenant file, has it been <u>less than 6 months</u> since the reexamination effective date? If "Yes", confirm that the HAP contract remains in effect and that the family continues as a program participant. If the tenant file review is taking place <u>later than six months</u> after the reexamination effective date, and the family circumstances have not changed, confirm that the HAP contract has terminated.
	Complete **Line 9.** through **Line 14.** only for a family who is <u>not</u> a "mixed" family and will <u>not</u> have their housing assistance prorated.
9.	Based on the tenant file documentation, record the **Family Share of Rent**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine Family Share of Rent , refer to the result on **Line 13.b.** of that worksheet for any family who is a **recent admission**, **mover**, or **portability-in** family. Refer to the result on **Line 14.** of that worksheet for any family who is a **reexamination** family or **enhanced voucher** family. The Family Share of Rent is the family's contribution toward the *Gross* Rent for the unit. The Family Share may be the same as the TTP or may be a higher amount, depending on the unit the family selects. Where the family leases a unit with a Gross Rent that is <u>less than</u> or <u>equal to</u> the payment standard, the Family Share will be the same as the TTP.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
	For a **recent admission**, **mover**, or **portability-in** family, the family may lease a unit with a Gross Rent that is greater than the payment standard. When the Gross Rent for the unit exceeds the payment standard, this typically means that the family will be obligated to pay a relatively larger portion of their income for their share of the rent. While this is allowable in the housing choice voucher program, there is an upper limit or ceiling on the amount of rent a family can pay relative to their income. This upper limit or ceiling is known as the **Maximum Initial Rent Burden**. The Family Share of Rent may not exceed 40% of the family's Adjusted Monthly Income. This restriction only applies to the initial leasing and initial assisted occupancy in a particular unit. It would not apply to any subsequent rent increases during the family's assisted occupancy in that same unit. So, for such a family, the Family Share of Rent will be the TTP plus the amount by which the Gross Rent exceeds the Payment Standard, but not to exceed the "maximum initial rent burden." For a **reexamination** family (i.e., a family undergoing a reexamination of income and rent, and remaining in their unit with continued assistance – not a mover or a portability-in family), determination of "maximum initial rent burden" does not apply. So, where a reexamination family is leasing a unit with a Gross Rent greater than the Payment Standard, the Family Share of Rent will be the TTP plus the amount by which the Gross Rent exceeds the Payment Standard. Note also that the "maximum initial rent burden" does not apply to a family receiving **enhanced** voucher assistance, who elects to stay in the unit they were already occupying under project-based assistance. Cross check the result with HUD-50058, line 12t.
10.	Based on the tenant file documentation, record the actual **HAP to Owner**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine HAP to Owner, refer to the result on **Line 15.** of that worksheet. Generally, HAP to Owner is computed by taking the lowest of the Rent to Owner or the Total HAP (**Line 6.**). Cross check the result with HUD-50058, line 12u.
11.	Based on the tenant file documentation, record the actual **Family Rent to Owner**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine Family Rent to Owner, refer to the result on **Line 16.** of that worksheet. Generally, Family Rent to Owner is computed by subtracting the HAP to Owner (**Line 10.**) from the Rent to Owner. Cross check the result with HUD-50058, line 12v.
12.	Based on the tenant file documentation, record the **Utility Reimbursement** to a Section 8 HCV family. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to calculate utility reimbursement, refer to the result on **Line 17.** of that worksheet. Generally, utility reimbursement is computed by subtracting the actual HAP to Owner (**Line 10.**) from the Total HAP (**Line 6.**), but not to exceed the actual **Utility Allowance** (**Line C.4.b.**).

	Cross check the result with HUD-50058, line 12w.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
13.	In general, based on your file review, conclude that the PHA's calculation of **Family Rent to Owner** and **HAP** are accurate.
14.	Double-check the **HAP** amount against the PHA's HAP register to ensure agreement and consistency.
Complete **Line 15.** through **Line 18.** only for a family who <u>is</u> a "mixed" family (includes both members with and members without citizenship or eligible immigration status) and <u>will</u> have their housing assistance prorated.	
15.	Based on the tenant file documentation, record the prorated **Family Rent to Owner** for a "mixed" family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine prorated Family Rent to Owner, refer to the result on **Line 22.** of that worksheet. **A specific tenant family may include <u>both</u> members who are citizens or have eligible immigration status <u>and</u> members who are not citizens or do not have eligible immigration status (or elect not to state whether they have eligibility status). Such a family is considered a "mixed" family. For a "mixed" family, the amount of housing assistance must be prorated based on the percentage of family members with citizenship or eligible immigration status.** Cross check the result with HUD-50058, line 12ai.
16.	Based on the tenant file documentation, record the prorated **HAP Owner** for a "mixed" family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine prorated HAP to Owner, refer to the result on **Line 23.** of that worksheet. Cross check the result with HUD-50058, line 12aj.
17.	In general, based on your file review, conclude that the PHA's calculation of prorated **Family Rent to Owner** and prorated **HAP** for a "mixed" family are accurate.
18.	Double-check the **HAP** amount against the PHA's HAP register to ensure agreement and consistency.

Appendix C:
Tenant File Review Checklist
Worksheets

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B. Annual Income and Assets Worksheet

Assets Table:

	Family Member	Type of Asset	Date of Verification	Net Cash Value of Asset	Anticipated Actual Asset Income
1.a.				$	$
b.				$	$
c.				$	$
d.				$	$
e.				$	$
f.				$	$
g.				$	$
h.				$	$
2.			Totals:	$	$
3.			Current Passbook Rate:	%	
4.		Imputed Asset Income (Total Net Cash Value > $5000):		$	
5.		**Final Asset Income (larger of Total Anticipated Actual Asset Income or Imputed Asset Income):**			$

Annual Income Table:

	Family Member	Type of Income	Date of Verification	Income Rate	Annualized Income	Income Excluded	Income After Exclusions
1.a.				$	$	($)	$
b.				$	$	($)	$
c.				$	$	($)	$
d.				$	$	($)	$
e.				$	$	($)	$
f.				$	$	($)	$
g.				$	$	($)	$
h.				$	$	($)	$
i.				$	$	($)	$
j.				$	$	($)	$
k.				$	$	($)	$
2.						Total:	$
3.					Final Asset Income (from Asset Table):		$
4.					**TOTAL ANNUAL INCOME:**		$

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B.	*Annual Income and Assets Worksheet*

Assets Table Instructions:

Lines	Instructions
1.a. – 1.h.	**Use the table as necessary to record and calculate all assets for all family members. This information should be reflected in PHA file documentation and captured during the application or reexamination process. The determinations used by the PHA are also recorded on the HUD-50058, lines 6a. through 6e.** Indicate the name of each family member in the household that has assets. For each family member, indicate the type of asset that has a dollar value or provides income to the family member. Assets include, but are not limited to: • Savings accounts • Stocks, bonds and other forms of capital investments • Real property (land or property owned or bequeathed) Ensure that the PHA includes any business or family assets that the family may have disposed of for *less than fair market value* during the two (2) years preceding the effective date of the admission or reexamination (as appropriate). **Assets do not include:** • Interest in Indian Trust Lands • Equity accounts in HUD homeownership programs • Necessary items of personal property, such as furniture and automobiles • Trust funds, in cases where the trust is not revocable by, or under the control of, any member of the family or household. For each asset, indicate the date(s) of the source documentation used to verify the asset, asset amount, income generated from the asset, etc. For each asset, establish the net cash value. The actual dollar value of the asset may have been known by the PHA at the time of the admission/reexamination (e.g., the amount in a savings account). PHA policy may also establish some formula to determine the value of an asset that may fluctuate over the course of the year. In some cases, a family might incur costs if the asset were to be actually liquidated by the family. In such cases, the dollar value of the asset should be the *net* cash value, after subtracting any costs to sell the asset from the asset's value. Finally, if the asset is expected to generate any actual "income" (such as interest on a savings account), establish the amount of income that the asset is anticipated to generate in the 12-month period following the effective date of the admission/reexamination.
2.	In the two spaces provided, record the totals of the two columns: **Net Cash Value of Assets** and **Anticipated Actual Asset Income**, respectively. Cross check with HUD-50058, lines 6f. and 6g.
3.	In the space provided, record the current passbook savings rate used by the PHA to compute imputed asset income. The passbook savings rate is generally based on an average rate for banks in the area. Typically, the rate is around **two percent (2%)**. Cross check with HUD-50058, line 6h.

B. Annual Income and Assets Worksheet

Assets Table Instructions (continued):

Lines	Instructions

4.	Where the total **Net Cash Value of Assets** (computed on **Line 2.**) is greater than $5000, use the passbook savings rate to compute an <u>imputed</u> asset income. The total **Net Cash Value of Assets** should be multiplied by the passbook savings rate (converted to a decimal) to arrive at imputed asset income. Enter the result on this line.
	
	Example: Net Cash Value of Assets: $6000
	                     Passbook Rate (converted to decimal): X .02
	                     Equals Imputed Asset Income: $ 120
	
	Where the total **Net Cash Value of Assets** is $5000 or less, enter $0. Cross check with HUD-50058, line 6i.

5.	Compare the total **Anticipated Actual Asset Income**, computed on **Line 2.**, with the imputed asset income (if any) computed on **Line 4.** Use the *larger* of these two figures as the **Final Asset Income**. Record the result on this line. This is the amount that the PHA should use as asset income when computing the family's overall **Annual Income** (see **Line 3.** of the Annual Income table). Cross check with HUD-50058, line 6j.

Annual Income Table Instructions:

Lines	Instructions
1.a. – 1.k.	Use the table as necessary to record and calculate all income for all family members. This information should be reflected in PHA file documentation and captured during the application or reexamination process. The determinations used by the PHA are also recorded on the HUD-50058, lines 7a. through 7f. **Indicate the name of each family member in the household that received income.** **For each family member, indicate the type of income that the family member receives. Income may be received from a variety of sources. Form HUD-50058 categorizes these sources as:** • **Wages**, including business income, federal wages or compensation, PHA wages or compensation, military wages, or other wages received from a public or private source. • **Welfare**, including general welfare assistance, annual imputed welfare income, and TANF assistance. • **SS/SSI/Pensions**, including periodic pensions and annuities, Supplemental Security Income, Social Security benefits, etc. • **Other Income Sources**, including child support, medical reimbursement, Indian Trust/per capita, other non-wage sources, unemployment benefits, etc. For purposes of using the table, the HUD reviewer should avoid the more general categories used by the HUD-50058 and should record the specific type and source of income appropriate to each specific family member (e.g., name of employer, agency or individual providing income, etc.). **For type of income, indicate the date(s) of the source documentation used to verify the type of income, income rate, income amount, and other circumstances related to the income.**

B. Annual Income and Assets Worksheet

Annual Income Table Instructions (continued):

Lines	Instructions
	Because Annual Income reflects the amount of income *anticipated* to be received in the 12-months following the effective date of the admission/reexamination, any income information received by the PHA for a lesser period must be projected out over the entire 12-month period. To do this, it may be necessary to establish the *rate* at which this lesser income amount is received (e.g., hourly, weekly, monthly, etc.). Where appropriate, use the file documentation to establish the rate at which a particular income amount is received. Then, using this rate, calculate an *annualized* amount of income that reflects the total amount of income that would be received by the family member over the entire 12-month period. Cross check with HUD-50058, line 7d. There are many types of income that are excluded "off-the-top" when calculating Annual Income. Using the file documentation, examine the record of any income sources where the PHA has identified the income source but has elected <u>not</u> to count the income in the Annual Income computation. Indicate the amount of this "excluded" income (also expressed as an "annualized" amount). Ensure that the PHA has not inappropriately <u>excluded</u> sources of income that should be <u>included</u>. Cross check this income with the income exclusions listed on HUD-50058, line 7e. for each family member. A partial listing of income sources to be excluded: • Earnings over $480 for full-time students over age 18 • Payments for student financial assistance paid directly to the student or educational institution. • Lump-sum additions to family assets (inheritance, insurance payments, capital gains, etc.) • Lump-sum payments of deferred benefits • Temporary, non-recurring, sporadic income • Amounts received for reimbursements of medical expenses of any family member • Income of a Live-in Aide • Adoption assistance payments in excess of $480 per child • Payments to keep developmentally disabled family members at home. • Payments received for care of foster children or adults • Special armed forces pay • Foreign government reparations payments. • Earnings and benefits from employment training programs funded by HUD • Incremental earnings/benefits from participation in qualifying state/local employment programs • Reimbursement for out-of-pocket expenses while attending a public assisted training program • Resident service stipend not to exceed $200 for services to the PHA (if applicable to PHA)

B. Annual Income and Assets Worksheet

Annual Income Table Instructions (continued):

Lines	Instructions
	Earned Income Exclusion: There are certain conditions under which the PHA must provide an ***earned income exclusion*** from Annual Income to a family. These requirements differ slightly in the public housing program and the Section 8 HCV program. In the public housing program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for <u>any</u> family member. In the Section 8 HCV program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for <u>any family member who is a person with disabilities</u>. Generally, this earned income exclusion would not apply to a **recent admission** family in either program. In the Section 8 HCV program, the earned income exclusion would also not apply to a **portability-in** family, where the family was <u>not</u> already receiving assistance in the Initial PHA's jurisdiction. This is because the earned income exclusion does not apply for purposes of admission to the program. However, in the Section 8 HCV program, the earned income exclusion <u>would apply</u> to a **mover** family, moving with continued assistance within the PHA's jurisdiction, and a **portability-in** family, where the family <u>was</u> already receiving assistance in the Initial PHA's jurisdiction. These categories of families are already receiving assistance under the Section 8 program and are not being initially admitted to the program. Conditions under which the PHA must provide an **earned income exclusion** from Annual Income include: • Family's Annual Income increases as a result of the employment of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), and who was previously unemployed for one or more years prior to employment; • Family's Annual Income increases as a result of increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during participation in any economic self-sufficiency or other job training program; • Family's Annual Income increases as a result of new employment or increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during or within 6 months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title VI of the Social Security Act, as determined by the PHA in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WtW) programs.

B.	*Annual Income and Assets Worksheet*

Annual Income Table Instructions (continued):

Lines	Instructions
	For a qualified family – For the first cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences the increase in Annual Income attributable to employment, there is a 100% exclusion from the family's Annual Income. For the second cumulative 12-month period beginning on the date the family member is first employed or the family first experiences the increase in Annual Income attributable to employment, the exclusion is a 50% exclusion from the family's Annual Income.
	The *earned income exclusion* can be a complicated and tricky determination, and the HUD reviewer should examine PHA documentation and calculations carefully for consistency with regulatory criteria and current HUD guidance. Note that the current version of the HUD-50058 does not lead the PHA through the calculation of earned income exclusion. The PHA should have its own locally-developed materials to calculate this exclusion and to document how the excluded amount was arrived at. The resulting excluded amount would then be recorded on the HUD-50058 in the appropriate space on line 7e.
	The final column on the Income Table is used to record the final "annualized" income for each family member after excluding any income amounts. Cross check this amount with the amount listed on HUD-50058, line 7f. for each family member.
2.	In the space provided, record the total of all amounts in the **Income After Exclusions** column. Cross check with HUD-50058, line 7g.
3.	Record the **Final Asset Income** (if any) for the family, in the space provided on this line. Refer to the total calculated on **Line 5.** of the Asset Table. If no asset income, enter $0.
4.	Add the amounts on **Line 2.** and **Line 3.**, and record the result in space provided on this line. This amount reflects the **Total Annual Income** for the family. Cross check with HUD-50058, line 7i.

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C. Dwelling Unit / Utility Allowance Worksheet

Utility Allowance Table:

Utility	Type	Scheduled UA		Utility	Scheduled UA
Heating		$		Trash	$
Cooking		$		Air Conditioning	$
Water Heating		$		Range	$
Other Electric	▓▓▓	$		Refrigerator	$
Water	▓▓▓	$		Other:	$
Sewer	▓▓▓	$		Other:	$

Total Utility Allowance for dwelling unit (if none, enter $0):   **$**

Utility Allowance Table Instructions:

	Instructions
	In the public housing program, where the tenant family is paying an <u>income-based rent</u> and is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, the family must be given a utility allowance. Families paying a <u>flat rent</u> do not receive a utility allowance. Utilities for which the family is responsible should be reflected on the family's dwelling lease. **In the Section 8 HCV program, any family who is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, must be given a utility allowance.** • Generally, for a **recent admission** family, a **mover** family moving with continued assistance within the PHA's jurisdiction, or a **portability-in** family, the file should include a form HUD-52517, <u>Request for Tenancy Approval</u>, which fully outlines the utility combination for the unit and responsibility for utilities. However, the PHA may have determined that the owner's proposed rent was not rent reasonable and the owner subsequently changed the rent amount. One approach to changing the rent amount might have been a change in responsibility for certain utilities – e.g., the owner might have elected to assume responsibility for providing additional utilities under the lease. In this case, the utility combination on the HUD-52517 would need to be revised to reflect these changes in utility responsibilities. • For a **reexamination** family, the utility combination might have changed significantly since the prior reexamination (or initial leasing). Both the dwelling lease and the HAP contract should specify the current combination of utilities and appliances, particularly if these have changed. **Based on the file documentation, determine if the family is responsible for some or all utilities in the dwelling unit and complete the table by noting the appropriate Utility Allowance (UA) amount for each utility supplied by the family. Utility allowances should be based on the PHA's schedule or schedules for such allowances, taking into account the size and type of unit and the type of utility used. Note that, even between units of the same bedroom size in the same project, utility allowances may vary due to actual unit physical size, location within the project, types of utilities applicable to different units, etc.** **Total all of the scheduled UA amounts to arrive at the** Total Utility Allowance **amount for the unit. Enter this total in the space provided on this line. Cross check with HUD-50058, line 10e. or line 10r. for the public housing program. Cross check with HUD-50058, line 12m.. for the Section 8 HCV program.**

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D. Adjusted Income Worksheet

Dependent Deduction:

1.a.	Total number of dependents in Family:	
b.	**Dependent Deduction** (Total number of dependents X $480):	**$**

Elderly / Disabled Family Deduction:

		Yes	No	Unclear
2.a.	Family qualifies as "Elderly" or "Disabled" family?			
b.	If "Yes", enter $400 **Elderly / Disabled Family Deduction**. If "No", enter $0: **$**			

Medical Expenses

	Family Member	Medical Expense Description	Date of Verification	Annual Expense Amount
3.a.				$
b.				$
c.				$
d.				$
e.				$
f.				$
4.			**Total Annual Medical Expense:**	**$**

Disability Assistance Expenses

	Family Member	Disability Assistance Expense Description	Date of Verification	Annual Expense Amount
5.a.				$
b.				$
c.				$
d.				$
e.				$
6.			**Total Annual Disability Assistance Expenses:**	**$**

Medical / Disability Assistance Expenses Deduction:

		Yes	No	Unclear
7.	Three (3) percent of Annual Income (Annual Income Table **Line 4.** x **0.03**): **$**			
8.a.	Family includes both "disabled" family member(s) and employed family member(s)?			
b.	Family incurs disability assistance expenses to enable family member(s) to be employed?			
c.	Amount of disability assistance expenses that are unreimbursed & reasonable: **$**			
9.	**Line 8.c.** minus **Line 7.**: **$**			

- If result is a negative number and **Line 2.a.** is "Yes", copy amount from **Line 8.c.**
- If result is a negative number and **Line 2.a.** is "No", enter $0

10.	Amount of employment income made possible by disability assistance expenses:	**$**
11.	The <u>lower</u> amount of **Line 9.** or **Line 10.**:	**$**

- If **Line 8.c.** is less than **Line 7.** <u>and</u> **Line 2.a.** is "Yes", copy amount from **Line 9.**

D. Adjusted Income Worksheet

12. If **Line 2.a.** is "Yes", amount of <u>unreimbursed</u> medical expenses for entire family: **$**

13. Sum of **Line 11.** and **Line 12.**: **$**

14. **Medical / Disability Assistance Expenses Deduction:** **$**

- If **Line 8.c.** = $0, subtract **Line 7.** from **Line 13.** If negative result, enter $0
- If **Line 8.c.** is less than **Line 7.**, subtract **Line 7.** from **Line 13.** If negative result, enter $0
- If **Line 8.c.** is greater than or equal to **Line 7.**. enter amount from **Line 13.**

Child Care Expenses

	Family Member	Child Care Expense Description	Date of Verification	Annual Expense Amount
15.a.				$
b.				$
c.				$
d.				$
e.				$
16.			**Total Annual Child Care Expenses:**	$

Child Care Expenses Deduction:	Yes	No	Unclear
17.a. Family includes member(s) under age 13?			
b. Amount of unreimbursed, reasonable child care costs incurred by family: $			
18.a. Family has any member(s) employed?			
b. Child care costs enable member(s) to be employed?			
c. Amount of employment income enabled by child care costs: $			
d. Amount on **Line 17.b.**, not to exceed amount on **Line 18.c.** $			
19.a. Family has any member(s) furthering education?			
b. Child care costs enable member(s) to further education?			
20. **Child Care Expenses Deduction:** $			

- Where both **Line 18.a.** <u>and</u> **Line 18.b.** are "Yes", enter amount from **Line 18.d.**
- Where **Line 18.a.** is "No", but **Lines 19.a.** <u>and</u> **19.b.** are "Yes", enter amount from **Line 17.b.**

P.H. Permissive Deductions

	Family Member	Type of Deduction	Date of Verification	Annual Amount
21.a.				$
b.				$
c.				$
22.			**PH: Total Permissive Deductions:**	$

D. Adjusted Income Worksheet

23. Total Annual Income: **$**

24. Total All Deductions: **$**

25. TOTAL ADJUSTED INCOME = **Line 23.** minus **Line 24.**: **$**

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D. Adjusted Income Worksheet

Adjusted Income Instructions:

Line	Instructions
1.a.	Indicate the total number of dependents in the household. Dependents include any family members who are under age 18, have a disability, or are full-time students of any age. Dependents who are temporarily absent from the home, but listed on the lease, should be included. Dependents do not include household members who are head of household, spouse of head, foster children, foster adults, live-in aides, the children of live-in aides, or any other members of the household who are not considered family members. Refer to the Tenant File Review Checklist table under section **A. Family Composition**, to identify family member dependents.
1.b.	Calculate the total **Dependent Deduction** for the family. The standard dependent deduction is $480 per dependent. Cross check with HUD-50058, line 8r., to ensure that PHA has used the standard deduction amount in its calculation. Multiply **Line 1.a.** times $480. Cross check total dependent deduction amount, as reflected in tenant file, with HUD-50058, line 8s
2.a.	Confirm whether the family qualifies as an "elderly" or "disabled" family. For the family to qualify for this deduction, the head of the family, the spouse of the head, or the sole member of the family must be a person age 62 or over, <u>or</u> be a disabled person. Refer to the Tenant File Review Checklist table under section **A. Family Composition**, where age and disability status of family head and spouse were established.
2.b.	**If the answer on** Line 2.a. **is "Yes", calculate the** Elderly/Disabled Family Deduction **for the family. The standard "elderly/disabled" family deduction is $400 per family. Note that this deduction is <u>per family</u>, not per individual. Cross check with HUD-50058, line 8p., to ensure that PHA has used the standard deduction amount in its calculation.**

D.	*Adjusted Income Worksheet*

Adjusted Income Instructions (continued):

Line 3.a. through **Line 14.** of the worksheet assess whether the family has medical expenses and/or disability assistance expenses, whether the family qualifies for a deduction for these expenses and, if so, the amount of this deduction.

A family is entitled to a deduction for the sum of the following, to the extent the sum exceeds three percent of Annual Income:

- Unreimbursed medical expenses for an elderly or disabled family (i.e., head, spouse or sole member is elderly or disabled);

- Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of any family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member with disabilities) to be employed. Any deduction given for these type of expenses may not exceed the earned income received by the family member(s) who are 18 years of age or older and who are enabled to work because of the care or apparatus.

This can be a tricky computation, particularly when the family has both medical expenses and attendant care/auxiliary apparatus expenses. The HUD-50058, lines 8f. – 8n., correctly leads the PHA through this calculation, assuming the PHA has accurately identified and verified the expense amounts used.

Line	Instructions
3.a. - 3.f.	Use the table as necessary to record and calculate **medical expenses** for all family members in any family that is an "elderly" or "disabled" family only. The HUD reviewer should ensure that medical expenses are unreimbursed expenses, not paid by a source outside the family. The PHA should also count unreimbursed medical expenses for the entire family (not just the elderly/disabled head or spouse). Where there is a partial payment of these expenses by an outside party, only the portion of the expenses paid by the family may be counted. PHA policy should outline acceptable forms of verification and documentation of anticipated medical expenses. **Indicate the name of each family member in the household that incurred medical expenses. For each family member, give a description of the medical expense. This description should note the type of expense, rate the expense is incurred, and any other relevant information about the expense. This information should be reflected in PHA file documentation and captured during the application or reexamination process.** **For each type of medical expense, indicate the date(s) of the source documentation used to verify the type of expense, expense rate, expense amount, and other circumstances related to the expense.** **The final column on the table is used to record the "annual" amount for each type of medical expense – the amount the family member is projected to pay for this medical expense over the 12-month period following the effective date of the admission or reexamination.**
4.	In the space provided, record the total of all amounts in the **Annual Expense Amount** column. Cross check with HUD-50058, line 8k.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
5.a. - 5.e.	Use the table as necessary to record and calculate **disability assistance expenses** for all family members in any family.
	Disability assistance expenses are defined as reasonable expenses that are anticipated, during the period for which Annual Income is computed, for attendant care and Auxiliary apparatus for a disabled family member and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source. (NOTE the distinction between these expenses and <u>child care expenses</u>, which may enable a family member to be employed <u>or</u> further education).
	Examples of such expenses could include payment for a caregiver to take care of the disabled family member while another family member is at work; or could include special equipment or apparatus to enable the disabled family member to go to work.
	The HUD reviewer should examine the PHA's tenant file documentation for a clear record of these expenses. The PHA should maintain a clear record that the expenses are not being paid by another party but are paid by the family. Where there is a partial payment of these expenses by an outside party, only the portion of the expenses paid by the family may be counted.
	The PHA should also maintain a clear record of whether any expenses were considered <u>not</u> reasonable and, if so, on what basis. Generally, where the PHA decides to not count certain expenses on the basis that the expenses were "unreasonable," this decision should flow from established PHA policy on the reasonableness of such expenses.
	Where more than one family member is employed, review the PHA's approach to determining whether <u>all</u> employed family members are enabled to be employed by the expenses or, if not, which member or members <u>are</u> enabled to be employed by the expenses.
	Indicate the name of each family member in the household that incurred disability assistance expenses. For each family member, give a description of the expense. This description should note the type of expense, rate the expense is incurred, and any other relevant information about the expense. This information should be reflected in PHA file documentation and captured during the application or reexamination process.
	For each type of disability assistance expense, indicate the date(s) of the source documentation used to verify the type of expense, expense rate, expense amount, and other circumstances related to the expense.
	The final column on the table is used to record the "annual" amount for each type of disability assistance expense – the amount the family member is projected to pay for this expense over the 12-month period following the effective date of the admission or reexamination.
6.	In the space provided, record the total of all amounts in the **Annual Expense Amount** column. Cross check with HUD-50058, line 8g.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
7.	Calculate three (3) percent of the family's **Annual Income**. If you used the Annual Income table to calculate Annual Income, refer to **Line 4.** of that table. Otherwise, identify Annual Income from the tenant file record. This amount acts as a "threshold" for medical expenses and/or disability assistance expenses, when determining a deduction for a qualified family. Only the eligible expenses that rise above this level may be considered for a deduction. Cross check this calculation with HUD-50058, line 8f.
8.a.	Determine if the family includes <u>any</u> family members who are disabled. Refer to the Tenant File Review Checklist table under section *A. Family Composition*, where the disability status of each family member was confirmed. Determine if the family includes <u>any</u> family members who are employed (including the disabled family member). If you used the Annual Income table to calculate Annual Income, refer to that table where income and types of income were identified for every family member. Otherwise refer to the tenant file record. Where the family includes <u>both</u> family member(s) who are disabled <u>and</u> family member(s) who are employed (including the disabled family member), proceed to **Line 8.b.** If the family does <u>not</u> include any members who qualify as disabled persons, then the family would <u>not</u> qualify for any deduction for disability assistance expenses. If the family includes any members who qualify as disabled persons, but does <u>not</u> include any family member(s) who are employed, then the family would <u>not</u> qualify for any deduction for disability assistance expenses. In this instance, skip **Line 8.b.** through **Line 10.**, enter $0 in the space provided on **Line 11.**, then proceed to **Line 12.**
8.b.	Where the family includes any members who qualify as disabled persons <u>and</u> includes any family member(s) who are employed, the PHA will need to determine if the family incurs any disability assistance expenses to enable the family member(s) to be employed and the amount of those expenses that are unreimbursed by an outside source <u>and</u> are "reasonable." Refer to **Line 5.a.** through **Line 6.** for calculations of disability assistance expenses for the family. Where a qualified family incurred such expenses, enter "Yes" and proceed to **Line 8.c.** Where the family includes any members who qualify as disabled persons <u>and</u> includes any family member(s) who are employed, but the family does <u>not</u> incur any disability assistance expenses to enable the family member(s) to be employed, then the family would <u>not</u> qualify for any deduction for disability assistance expenses. In this instance, skip **Line 8.c.** through **Line 10.**, enter $0 in the space provided on **Line 11.**, then proceed to **Line 12.**
8.c.	Record the amount of unreimbursed, reasonable disability assistance expenses in the space provided on this line. Refer to the total on **Line 6.**, from the table used to calculate disability assistance expenses for the family. Cross check this amount with HUD-50058, line 8g.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
9.	Subtract the amount on **Line 8.c.** from the amount on **Line 7.** The results of this calculation should be consistent with the amount on Form HUD-50058, line 8h., for this tenant family.

If **Line 8.c.** is greater than or equal to **Line 7.**, this means that disability assistance expenses equal or exceed three percent of Annual Income and the family *may* be entitled to a deduction. In this instance, simply record the result in the space on this line and continue the calculations on **Line 10.**

If **Line 8.c.** is less than **Line 7.**, this means that three percent of Annual Income exceeds disability assistance expenses. In this instance, the family might still qualify for a deduction if the family is an "elderly/disabled" family and has unreimbursed medical expenses. For this reason, the HUD reviewer should check the answer to the question on **Line 2.a.** On that line, a determination was made whether the family qualified as an "elderly" or "disabled" family.

- If the answer on **Line 2.a.** was "No", the family does not qualify as an "elderly/disabled" family and will receive no medical/disability assistance expenses deduction. In this instance, skip **Line 9.** through **Line 13.**, enter $0 in the space provided on **Line 14.**, then proceed to **Line 15.a.**

- If the answer on **Line 2.a.** was "Yes", the family does qualify as an "elderly/disabled" family and may still be entitled to a deduction if unreimbursed medical expenses are large enough. For this reason, the HUD reviewer should enter the amount of reasonable, unreimbursed disability assistance expenses from **Line 8.c.** in the space provided, and continue the calculations on **Line 10.** |
| 10. | So far, we've established that the family includes members who qualify as disabled persons and includes any family member(s) who are employed and has unreimbursed, reasonable disability assistance expenses. We've also established that these expenses either exceed three percent of Annual Income or, if not, the family qualifies as an "elderly/disabled" family. The next step in the process is to compare the disability assistance expenses with the employment income made possible by these expenses.

First, we must determine the amount of employment income. PHA tenant file documentation should be clear on which family member or members are enabled to be employed by the disability assistance expenses. If the HUD reviewer completed the Annual Income table, refer to **Line 1.a.** through **Line 1.k.** on that table, where income and income amounts were identified for every family member. Otherwise, refer to the tenant file record.

Record the amount of employment income made possible by the disability assistance expenses in the space provided on this line. Cross check this amount with HUD-50058, line 8i. |

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
11.	On this line, we establish the amount of allowable disability assistance expense. To do this, we must first refer back to our comparison of the family's actual, unreimbursed, reasonable disability assistance expenses with three percent of the family's Annual Income (the same comparison we made on **Line 9.**). If **Line 8.c.** is greater than or equal to **Line 7.**, this means that disability assistance expenses equal or exceed three percent of Annual Income and the family *may* be entitled to a deduction. In this instance, compare the amount of employment income made possible by the disability assistance expenses on **Line 10.** with the amount by which disability assistance expenses exceeded three percent of Annual Income from **Line 9.** Record the <u>lower</u> of these two amounts in the space provided on this **Line 11.** • It's important to note why this comparison is made in this way. The regulations explicitly state that "…any *deduction* given for these type of expenses may not exceed the earned income received by the family member(s) who are 18 years of age or older and who are enabled to work because of the care or apparatus." It is the potential <u>deduction</u> for disability assistance expenses that must be compared with the actual employment income. The PHA does <u>not</u> simply compare expenses (**Line 8.c.**) with employment income. If **Line 8.c.** is less than **Line 7.**, this means that three percent of Annual Income exceeds disability assistance expenses. Again, the family might still qualify for a deduction <u>if the family is an "elderly/disabled" family <u>and</u> has unreimbursed medical expenses. So, we again refer back to the question on **Line 2.a.** where we determined if the family qualified as an "elderly" or "disabled" family. Where the answer to the question on **Line 2.a.** is "Yes" and the family <u>does</u> qualify as an "elderly/disabled" family, then the HUD reviewer should simply carry over the amount from **Line 9.** and enter this amount in the space provided on this **Line 11.** (Note that If the answer to the question on **Line 2.a.** is "No", then **Line 9.** instructed you to skip to **Line 14.** and enter $0. Since here you are on **Line 11.**, we can assume that's not the case). • It's important to note that there is no reason to compare the amount on **Line 9.** with the employment income on **Line 10.** in this instance. Why? Because, again, it is the potential <u>deduction</u> for disability assistance expenses that must be compared with the actual employment income. Because disability assistance expenses do <u>not</u> exceed three percent of Annual Income, there is no potential deduction for these expenses alone. The results of this calculation should be consistent with the amount on Form HUD-50058, line 8j., for this tenant family. Continue the calculations on **Line 12.**
12.	Where the answer to the question on **Line 2.a.** was "Yes", then the family qualifies as an "elderly" or "disabled" family. In that case, review the PHA's tenant file documentation and identify medical expenses for the family. Where the HUD reviewer used the table on **Line 3.a.** through **Line 4.** to calculate medical expenses for the family, use the total from **Line 4.** Otherwise, refer to the tenant file record. Enter the amount of total annual medical expenses for the family in the space provided on this **Line 12.** Where the answer to the question on **Line 2.a.** was "No", the family does <u>not</u> qualify as an "elderly" or "disabled" family and would <u>not</u> be entitled to any deduction for medical expenses. In this instance, enter $0 in the space provided. Cross check this result with HUD-50058, line 8k.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
13.	On this line, total the results of the allowable disability assistance expenses calculations (**Line 11.**) and the amount of unreimbursed medical expenses (**Line 12.**). Cross check this result with HUD-50058, line 8m.

14.	On this line, we calculate the final **Medical / Disability Assistance Expenses Deduction**. The amount we use for the deduction will depend on the results of our prior calculations and determinations.
	
	1st: Check the amount on **Line 8.c.** Where this amount is $0, this means that either:
	
	   a. The family does <u>not</u> include any disabled family members, or
	
	   b. The family does <u>not</u> include any employed family members, or
	
	   c. The family did <u>not</u> incur disability assistance expenses to enable a family member to be employed
	
	Where the amount on **Line 8.c.** = $0, subtract **Line 7.** from **Line 13.** and enter the result in the space provided. The result represents the amount of deduction for this family. If the result is a ***negative*** number, then the family's medical expenses (if any) did not exceed the three percent of Annual Income "threshold." In this instance, enter $0 in the space provided.
	
	2nd: Assuming that the amount on **Line 8.c.** does <u>not</u> equal $0, we return to our comparison of the family's actual, unreimbursed, reasonable disability assistance expenses with three percent of the family's Annual Income (same comparison we made on **Line 9.** and again on **Line 11.**).
	
	   a. If **Line 8.c.** is greater than or equal to **Line 7.**, then disability assistance expenses equal or exceed three percent of Annual Income. This means that the disability assistance expenses incurred by the family to enable a family member to be employed were alone sufficient to equal or exceed the three percent of Annual Income medical/disability "threshold." In this instance, enter the amount from **Line 13.** in the space provided on this line. This represents the amount of deduction for this family.
	
	   b. If **Line 8.c.** is less than **Line 7.**, this means that three percent of Annual Income exceeds disability assistance expenses. In other words, whatever disability assistance expenses were incurred by the family to enable a family member to be employed, these expenses alone did <u>not</u> exceed the three percent of Annual Income medical/disability "threshold." In this instance subtract **Line 7.** from **Line 13.** and enter the result in the space provided. The result represents the amount of deduction for this family. If the result is a ***negative*** number, then the family's medical expenses (if any) did not exceed the three percent of Annual Income "threshold." In this instance, enter $0 in the space provided.
	
	Cross check your result with HUD-50058, line 8n.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line 15.a. through **Line 20.** assess whether the family has child care expenses, whether the family qualifies for a deduction for these expenses and, if so, the deduction amount. Child care expenses are defined as:

Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which Annual Income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in Annual Income.

Not <u>all</u> child care expenses are eligible to be used as a deduction.

Child care expenses must be "reasonable." The regulations offer no clarification or definition of the term "reasonable" but leave it to the discretion of the PHA. The PHA should maintain a clear record of whether any expenses were considered <u>not</u> reasonable and, if so, on what basis. Generally, where the PHA decides to <u>not</u> count certain expenses on the basis that the expenses were "unreasonable," this decision should flow from established PHA policy on the reasonableness of such expenses.

Child care expenses used as a deduction should be <u>unreimbursed</u> expenses. The family may be a participant in a federal, state or local program that provides child care for the family free-of-charge, or reimburses the family for all or part of their child care expenses. To the extent that child care and child care expenses are provided or paid for on behalf of the family, these expenses would <u>not</u> be eligible to be used as deductions. PHA documentation is critical. The PHA should maintain a clear record that the expenses are not being paid by another party but are paid by the family. Where there is a partial payment of these expenses by an outside party, only the portion of the expenses paid by the family may be counted.

Only child care expense that are necessary to enable a member of the family to seek employment, be gainfully employed or to further his/her education are eligible. Child care expenses for any other purpose are not eligible as a deduction. Of course, a PHA could interpret these terms broadly. Many activities could fall under the umbrella of "enabling a family member to actively seek employment or be gainfully employed" or "enabling a family member to further his/her education." Again, PHA policy should clarify the types of employment-related or education-related activities that might qualify for the child care expenses deduction.

Line	Instructions
15.a. - 15.e.	Use the table as necessary to record and calculate **child care expenses** incurred by the family. Indicate the name of each family member in the household that incurred child care expenses. For each family member, give a description of the child care expense. This description should note the type of expense, reason for the expense, rate the expense is incurred, and any other relevant information about the expense. This information should be reflected in PHA file documentation and captured during the application or reexamination process.
	For each type of expense, indicate the date(s) of the source documentation used to verify the type of expense, expense rate, expense amount, and other circumstances related to the expense.
	The final column on the table is used to record the "annual" amount for each type of expense – the amount the family member is projected to pay for this child care over the 12-month period following the effective date of the admission or reexamination.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
16.	**In the space provided, record the total of all amounts in the** Annual Expense Amount **column. Note that this amount will** <u>not necessarily</u> **be the same amount as recorded on HUD-50058, Line 8t. The calculations on** Line 17.a. **through** Line 20. **will establish the amount that should be recorded on HUD-50058, Line 8t.**
17.a.	**Determine if the family includes** <u>any</u> **family members who are under age 13. Refer to the Tenant File Review Checklist table under section** *A. Family Composition***, where the date of birth of each family member was confirmed. If "Yes", proceed to** Line 17.b. Note that these expenses are <u>child</u> care expenses - for the care of children, not adults. The definition clarifies this to mean children <u>under the age of 13</u>. If the family does <u>not</u> include any members who are under age 13, then the family would <u>not</u> qualify for any deduction for child care expenses. the care of anyone in the family age 13 and over could possibly be covered under the deduction given for unreimbursed disability assistance expenses, as discussed in the previous section. However, in this case, note the difference - deductions given for unreimbursed disability assistance expenses are allowable only to the extent necessary to enable a family member to be employed (no mention of furthering education). If the answer is "No", skip **Lines 17.b.** through **19.b.**, enter $0 in the space provided on **Line 20.**, then proceed to **Line 21.a.**
17.b.	Where the family includes members who are under age 13, record the annual amount of expenses (if any) that the family incurs for the care of these children, to the extent that these expenses are not reimbursed by an outside source <u>and</u> are "reasonable." If you used the table on **Line 15.a.** through **Line 16.** to calculate annual child care expenses, refer to **Line 16.** of that table. Otherwise, identify annual child care expenses from the tenant file record. **Where the family does** <u>not</u> **incur any expenses for the care of members who are under age 13, skip** Line 17.b. **through** Line 19.b.**, enter $0 in the space provided on** Line 20. **Then proceed to** Line 21.a.
18.a.	Where the family includes any members who are under age 13 <u>and</u> incurs any expenses for the care of these children, determine whether the family includes any family members who are employed. If the HUD reviewer completed the Annual Income table, refer to **Line 1.a.** through **Line 1.k.** on that table, where types of income and income amounts were identified for every family member. Otherwise, refer to the tenant file record. Where the family includes any members who are employed, answer "Yes" and proceed to **Line 18.b.** **If the family includes any members who are under age 13, but does** <u>not</u> **include any family member(s) who are employed, then answer "No", skip** Lines 18.b. **through** 18.d.**, then proceed to** Line 19.a.

D. Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
18.b.	Where the family includes any members who are under age 13, incurs expenses for the care of these children, and includes any family member(s) who are employed, the PHA will need to determine if the child care expenses enable the family member(s) to be employed. Note that child care expenses may be used to enable any family member to be employed, not just the head of the family or the spouse. The HUD reviewer should examine the PHA's tenant file documentation for a clear record of these expenses and the connection between the expenses and enabling a family member to be employed. Where more than one family member is employed, review the PHA's approach to determining which member or members are enabled to be employed by the expenses. If the answer is "Yes", proceed to **Line 18.c.** If the answer is "No", skip **Line 18.c.** and **Line 18.d.**, then proceed to **Line 19.a.**
18.c.	Record the amount of employment income enabled by the child care expenses. Again, PHA documentation should be clear on the connection, or lack of connection, between child care expenses and employment of a family member. If the HUD reviewer completed the Annual Income table, refer to **Line 1.a.** through **Line 1.k.** on that table, where types of income and income amounts were identified for every family member. Otherwise, refer to the tenant file record.
18.d.	Enter the amount of unreimbursed, reasonable child care expenses from **Line 17.b.**, not to exceed the amount on **Line 18.c.** **Child care expenses incurred to enable a family member to work should not exceed the amount of employment income earned. A PHA could give a deduction for child care expenses up to, but not in excess of, the amount of employment income earned.**
19.a.	Determine whether the family includes any family members who are furthering their education. Again, PHA documentation is critical. The PHA should maintain a clear record of family member enrollment/attendance at an educational institution, days attended, hours, etc. PHA policies should outline verification and documentation criteria for "furthering education." **If the answer to the question on this** Line 19.a. **is "Yes", proceed to** Line 19.b. **If the answer to the question on this** Line 19.a. **is "No", skip** Line 19.b. **and proceed to** Line 20.
19.b.	The PHA will need to determine if the child care expenses for the care of children under age 13 are necessary to enable the family member(s) to further their education. Note that child care expenses may be used to enable any family member(s) to further their education, not just the head of the family or the spouse. **The HUD reviewer should examine PHA tenant file documentation for a clear record of these expenses and the connection between the expenses and enabling a family member to further their education. Based on file documentation, determine if child care expenses enable the family member(s) to further their education. Proceed to** Line 20.

D.	*Adjusted Income Worksheet*

Adjusted Income Instructions (continued):

Line	Instructions
20.	On this line, calculate the final **Child Care Expenses Deduction**. The amount we use for the deduction will depend on the results of our prior calculations and determinations. **1st:** Where the answers to the questions on both **Line 18.a.** and **Line 18.b.** are "Yes", this means that the family has an employed family member and that the child care costs incurred by the family enable a family member to be employed. In this instance, the amount of the deduction given for child care expenses is "capped" by the amount of income earned by the family member who is enabled to be employed. Enter the amount from **Line 18.d.** in the space provided on this line. **2nd:** Where the answer to the question on **Line 18.a.** is "No", but the answers to the questions on **Line 19.a.** and **Line 19.b.** are "Yes", this means that the family does not have an employed family member but does have a family member furthering their education, and that the child care costs incurred by the family enable a family member to further their education. In this instance, there is no employment income to "cap" the amount of the deduction given for child care expenses. So, the child care expenses deduction is equal to the amount of the unreimubursed, reasonable expenses from **Line 17.b.** Cross check with HUD-50058, line 8t.

Public Housing only: PHAs may adopt, by written policy, *permissive* deductions from Annual Income to determine Adjusted Income. Permissive deductions are one of many strategies that the PHA may adopt as an *alternative* approach to dwelling rents. Adoption of permissive deductions is at the sole discretion of the PHA, provided the amounts are not already required to be deducted from Annual Income and are not reimbursed to the family from some other source. While the PHA may elect to give permissive deductions for any number of good reasons, all of these deductions will mean reduced rents, and it is the PHA that must absorb any resulting reduction in rents.

Review the PHA's Admissions and Occupancy policies and determine if the PHA has adopted any *permissive* deductions from Annual Income. Obviously, the specific permissive deduction, the deduction amount and eligibility for the deduction will vary widely from PHA to PHA.

Line	Instructions
21.a. - **21.c.**	Where the PHA has adopted permissive deductions from Annual Income, use the table as a worksheet to record and calculate all permissive deductions for all family members. This information should be reflected in PHA file documentation and captured during the application or reexamination process. Indicate the name of each family member in the household that has been awarded a permissive deduction. For each family member, offer a brief description of the type of permissive deduction awarded, based on PHA policy. For each type of deduction, indicate the date(s) of the source documentation used to verify the type of deduction and any circumstances related to the deduction. Indicate the dollar amount of each permissive deduction. The determinations used by the PHA are also recorded on the HUD-50058, lines 8b. through 8e.
22.	**Total of all amounts in the** Annual Amount **column and record the results in the space provided as** PH: Total

		Permissive Deductions. **Cross check with the amount recorded on the HUD-50058, line 8e.**

D.	Adjusted Income Worksheet

Adjusted Income Instructions (continued):

Line	Instructions
23.	Record the family's **Total Annual Income**. If you used the Annual Income table to calculate Annual Income, refer to **Line 4.** of that table. Otherwise, identify Annual Income from the tenant file record.
24.	Total all of the deductions given to the family, including: • **Dependent Deduction (Line 1.b.)** • **Elderly/Disabled Family Deduction (Line 2.b.)** • **Medical/Disability Assistance Expenses Deduction (Line 14.)** • **Child Care Expenses Deduction (Line 20.),** and • **Permissive Deductions (Line 22.)** Enter the total in the space provided on this line. Cross check the total with the PHA's calculations and HUD-50058, line 8x.
25.	Subtract the **Total All Deductions** on **Line 24.** from the **Total Annual Income** on **Line 23.** to arrive at **Total Adjusted Income**. Cross check the total with the PHA's calculations and HUD-50058, line 8y.

E. Public Housing Rent Worksheet

Income-based Rent:

Income-Based TTP		
1.a.	Monthly Income (Annual Income ÷ 12):	$
b.	10% of Monthly Income (**Line 1.a.** X 0.10):	$
c.	Monthly Adjusted Income (Adjusted Income ÷ 12):	$
d.	30% of Monthly Adjusted Income (**Line 1.c.** X 0.30):	$
e.	Welfare Rent (if applicable):	$
f.	Minimum Rent:	$
g.	Ceiling Rent (if applicable):	$
2.	**TOTAL TENANT PAYMENT (TTP)** based on traditional income-based method:	$
	• Highest of **Line 1.b., 1.d., 1.e., 1.f.**, not to exceed **Line 1.g.**	
3.	**TOTAL TENANT PAYMENT (TTP)** based on alternative income-based method:	$

Income-based Prorated TTP		
4.	Maximum Rent established for this unit type:	$
5.	Family Maximum Subsidy (**Line 4.** minus **Line 2.** or **Line 3.**):	$
6.a.	Total Number of family members:	
b.	Number of family members eligible for prorated rent subsidy	
7.	Total Rent Subsidy for which family is eligible:	$
	• (**Line 5.** ÷ **Line 6.a.**) x **Line 6.b.**	
8.	**TOTAL TENANT PAYMENT (TTP)** for a "Mixed" family:	$
	• **Line 4.** minus **Line 7.**	

Income-based Tenant Rent		
9.	TTP based on appropriate method (**Line 2.**, **Line 3.**, or **Line 8.**):	$
10.	Utility Allowance:	$
11.	**Income-based TENANT RENT:**	$
	• **Line 9.** minus **Line 10.** If result is negative, enter $0 and go to **Line 12.**	
12.	**UTILITY REIMBURSEMENT** (Amount by which **Line 10.** exceeds **Line 9.**):	$

Flat Rent

13.	**Flat Rent** applicable to this dwelling unit, based on PHA Flat Rent schedule:	$

Prorated Flat Rent		
14.	Maximum Rent established for this unit type:	$
15.	Family Maximum Subsidy (**Line 14.** minus **Line 13.**):	$
16.a.	Total Number of family members:	
b.	Number of family members eligible for prorated rent subsidy	
17.	Total Rent Subsidy for which family is eligible:	$
	• (**Line 15.** ÷ **Line 16.a.**) x **Line 16.b.**	

| | 18. | | **Flat Rent** for a "Mixed" family   (**Line 14.** minus **Line 17.**): | $ |

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E. Public Housing Rent Worksheet

Public Housing Rent Worksheet Instructions

Public housing tenant families are given a choice of paying either an **Income-based Rent** or a **Flat Rent** (not based on income), both at the time of admission and at the time of annual reexamination. At the time of annual reexamination, a tenant family may "switch" from their current rent method to the alternative rent method

For those families choosing an **Income-based Rent**, the first steps in computing rent are to compute Annual Income and Adjusted Income (covered in previous sections of the checklist). The actual income-based rent methodology used by the PHA can be either the *"traditional"* method (i.e, 30% of Adjusted Income / 10% of Annual Income / Welfare Rent), or an *"alternative"* method, developed by the PHA. Whatever the method, an income-based rent cannot exceed the rent that would be calculated under the traditional method.

Income-based rents must be no lower than a PHA-established <u>minimum rent</u>, and may also be "capped" on the upper end by a PHA-established <u>ceiling rent</u>.

For those families choosing a **Flat Rent**, rent is based on a flat rent schedule for all units, developed by the PHA, based on comparability with the local rental market. The PHA is also required to compute an income-based rent, where necessary to permit the family to compare the rents based on the two methods and make an informed choice. The family must provide updated income information in order for the PHA to make the calculation.

Between the time of admission and the family's first annual reexamination, and between regularly scheduled annual reexaminations, the family paying a flat rent may choose to "switch" from the flat rent to the income-based rent. Under these circumstances, the PHA should conduct an interim reexamination for the family in order to establish the income-based rent. Again, the family must provide updated income information in order for the PHA to make the calculation.

For either rent method, income-based or flat, the rent may be "prorated" for a family that includes both members with citizenship or eligible immigration status and members without citizenship or eligible immigration status.

Because of the great flexibility given PHAs in designing their approach to tenant rent, the HUD reviewer will need to examine the PHA Plan and Admissions and Occupancy policies carefully to gain a thorough understanding of the PHA's policies and procedures; whether the PHA uses an *alternative* method and, if so, how the method works, calculations made, percentages used; the PHA's flat rent schedule, etc. PHA materials in the tenant file should give a clear picture of how any rent method was applied to this tenant family.

No standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify any PHA-developed documents and materials used by the PHA to calculate rent, including computer software programs.

The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file. Remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts. In this respect, the tenant file review process is more than an exercise in checking math.

E. *Public Housing Rent Worksheet*

Public Housing Rent Worksheet Instructions (continued)

Line 1.a. through Line 12. are applicable only to a family that has elected to pay an **Income-based Rent**. Where the family has elected to pay a **Flat Rent**, skip **Line 1.a.** through **Line 12.** and proceed to **Line 13.**

Use **Line 1.a.** through **Line 3.** to compute **Total Tenant Payment (TTP)**. **Line 1.a.** through **Line 2.** compute TTP based on the *traditional* method. **Line 3.** asks for TTP computed via the PHA *alternative* method (if any).

Line	Instructions
1.a.	**Monthly Income** is unadjusted income. Compute Monthly Income by dividing Annual Income by **12**. If you used the Annual Income table on the ***Annual Income and Assets Worksheet*** to calculate Annual Income, refer to **Line 4.** of that table. Otherwise, identify Annual Income from the tenant file record. Insert Monthly Income in the space provided on this line. Cross check this amount with HUD-50058, line 9a.
1.b.	Compute 10% of Monthly Income by multiplying the result on **Line 1.a.** times **0.10**. Insert the result in the space provided on this line. Cross check this amount with HUD-50058, line 9c.
1.c.	Compute **Monthly Adjusted Income** by dividing Adjusted Income by 12. If you used the ***Adjusted Income Worksheet*** to compute Adjusted Income, refer to **Line 25.** of that worksheet. Otherwise, identify Adjusted Income from the tenant file record. Insert Monthly Adjusted Income in the space provided on this line. Cross check this amount with HUD-50058, line 9d.
1.d.	Compute 30% of Monthly Adjusted Income by multiplying the result on **Line 1.c.** times **0.30**. Insert the result in the space provided on this line. Cross check this amount with HUD-50058, line 9f.
1.e.	**Welfare Rent** is only applicable where the family is receiving welfare assistance and the welfare assistance agency specifically designates a portion of the assistance for shelter and utilities. This designated portion may also be adjusted by the Welfare Agency in accordance with the family's actual cost of shelter and utilities. Welfare Rent is used in only a limited number of areas nationwide. Insert the Welfare Rent figure in the space provided on this line. If none, insert $0. Cross check this amount with HUD-50058, line 9g.
1.f.	PHAs must adopt a **Minimum Rent** policy for public housing units. The minimum rent established by the PHA may range anywhere from $0 to $50. The minimum rent policy is outlined in the PHA's Admissions and Occupancy Policies. Insert the minimum rent amount in the space provided on this line. Cross check with HUD-50058, line 9h. Where the PHA "waived" Minimum Rent for this family, insert $0.
1.g.	Some PHAs may adopt **Ceiling Rents** which serve as a "cap" on public housing income-based rents, preventing income-based rents (specifically, TTP) from rising above a certain level. Ceiling rents, if used, should be adopted by policy and listed in a ceiling rent schedule. Review the PHA's Admissions and Occupancy Policies and determine if the PHA uses ceiling rents. If so, determine if the PHA has used a ceiling rent to "cap" the income-based rent for this tenant family. Record the ceiling rent amount in the space provided. Ensure that the correct ceiling rent was used. Cross check with HUD-50058, lines 10c.

| E. | *Public Housing Rent Worksheet* |

Public Housing Rent Worksheet Instructions (continued)

Line	Instructions
2.	Compute the traditional, income-based **Total Tenant Payment (TTP)** for this family, based on the <u>larger</u> of **Line 1.b., Line 1.d., Line 1.e.** or **Line 1.f.**, but not to exceed the ceiling rent cap (if any) imposed by **Line 1.g.** Insert TTP in the space provided on this line. Cross check PHA calculations of TTP with HUD-50058, line 9j. and (if capped by ceiling rent) with HUD-50058, line 10d.
3.	Because of the significant flexibility given to PHAs in the development of an *alternative* income-based rent system, there is no single approach or process that will apply to all PHAs in all situations. Where the PHA has adopted an *alternative* income-based rent method, the HUD reviewer will need to carefully examine the PHA's Admissions and Occupancy policies to fully understand the PHA's method. PHA-developed materials, worksheets, computer software, and other tools used by the PHA to compute an alternative income-based rent will also be critical. Where the PHA has adopted an *alternative* income-based rent method, determine the **Total Tenant Payment (TTP)** computed via this *alternative* method. Enter this amount in the space provided on this line. Cross check PHA calculations of TTP with HUD-50058, line 9j. and (if capped by ceiling rent) with HUD-50058, line 10d.

Line 4. through **Line 8.** are applicable only to circumstances where the family is a "mixed" family, eligible for prorated assistance, and is paying an income-based **Total Tenant Payment (TTP)** determined by either the *traditional* method or by a PHA *alternative* method.

Any family that includes both members with citizenship or eligible immigration status and members without citizenship or eligible immigration status is a "mixed" family, eligible for prorated assistance. Where the family is <u>not</u> a "mixed" family and is paying an income-based rent, proceed to **Line 9.**

Line	Instructions
4.	Enter the **Maximum Rent** established by the PHA for this type of unit, in the space provided on this line. Cross check with HUD-50058, lines 10h. PHAs should maintain documentation on the calculation of Maximum Rent for various unit sizes. To calculate Maximum Rent, the PHA should list all of the TTPs paid by all of the tenants in all of the units of this particular size in the PHA's jurisdiction. Generally, this should produce a wide range of TTPs, from low dollar amounts to high dollar amounts. The PHA would then identify the specific TTP that falls at the 95th percentile – in other words, the specific TTP where 95% of the other TTPs are <u>less than</u> the chosen TTP and 5% of the other TTPs are <u>more than</u> the chosen TTP. This chosen TTP is the **Maximum Rent**. NOTE that this is <u>not</u> the same as averaging all of the TTPs, then computing 95% of that average. For more guidance, refer to HUD Guidebook 7465.7: <u>Restriction on Assistance to Noncitizens</u>.

E.	*Public Housing Rent Worksheet*

Public Housing Rent Worksheet Instructions (continued)

Line	Instructions
5.	Compute the **Family Maximum Subsidy** for this family. This figure is determined by first identifying the family's income-based TTP, computed by whatever method – *traditional* (**Line 2.**) or *alternative* (**Line 3.**). The TTP is then subtracted from the Maximum Rent (computed on **Line 4.**). The result is the **Family Maximum Subsidy**.

Enter this amount in the space provided on this line. Cross check with HUD-50058, lines 10i. |
| **6.a** | Identify the total number of family members in the household, including any members who are not citizens and who do not have eligible immigration status. This does not include live-in aides, foster children/adults, or other residents not listed on the dwelling lease as family members. Refer back to section *A. Family Composition* of the tenant file review checklist to confirm the number of family members.

Enter this number in the space provided on this line. Cross check with HUD-50058, lines 10k. |
| **6.b.** | Of the total number of family members identified on **Line 6.a.**, identify the number of members that are eligible for rent subsidy, based on the Noncitizen rule. This means the number of family members who have been verified to be citizens or verified to have eligible immigration status. It also includes family members where verification is "pending." Again, refer back to section *A. Family Composition* of the tenant file review checklist to confirm the family members with and without citizenship or eligible immigration status.

Enter this number in the space provided on this line. Cross check with HUD-50058, lines 10j. |
| **7.** | Compute of the **Total Rent Subsidy** for which this "mixed" family is eligible. Take the Family Maximum Subsidy (**Line 5.**), divide this number by the total number of family members in the household (**Line 6.a.**), then multiply the result by the total number of eligible family members (**Line 6.b.**).

Enter the result in the space provided on this line. Cross check with HUD-50058, line 10n. |
| **8.** | Compute the **Total Tenant Payment (TTP)** for this "mixed" family. Take the Maximum Rent for this unit (**Line 4.**) and subtract the Total Rent Subsidy for which this "mixed" family is eligible (**Line 7.**).

Enter amount in the space provided on this line. Cross check with HUD-50058, line 10p. |

E. Public Housing Rent Worksheet

Public Housing Rent Worksheet Instructions (continued)

Line 9. through Line 12. of the checklist assess the calculation of actual **Tenant Rent** for any family paying an income-based rent (*traditional* or *alternative*). Tenant Rent is the actual amount of rent the family will pay to the PHA for the unit. The Tenant Rent may be different from the TTP <u>if</u> the family is responsible for paying some or all of the utilities at the unit.

Line	Instructions
9.	Identify the family's income-based TTP, computed by whatever method was appropriate – *traditional* non-prorated (**Line 2.**), *alternative* non-prorated (**Line 3.**), or prorated (**Line 8.**). Enter this number in the space provided on this line. Cross check with HUD-50058, line 10a. (for a non-prorated rent) or line 10p. (for a prorated rent). Where a ceiling rent was used to "cap" the non-prorated income-based rent for this tenant family, cross check with HUD-50058, line 10d.
10.	Where the family is responsible for paying some or all of the utilities in the unit, identify the **Utility Allowance** provided to this family for tenant-supplied utilities. If you used the ***Dwelling Unit / Utility Allowance Worksheet*** to calculate the family's utility allowance, refer to the utility allowance table on that worksheet. Otherwise, identify the utility allowance from the tenant file record. Enter this number in the space provided on this line. Cross check with HUD-50058, line 10e. (for a non-prorated rent) or line 10r. (for a prorated rent). Where the family is <u>not</u> responsible for paying any utilities in the unit, the amount recorded for Utility Allowance should be $0.
11.	Compute **Income-based Tenant Rent** by subtracting the appropriate Utility Allowance (**Line 10.**) from the TTP (**Line 9.**). If the result is a <u>positive</u> number, enter the result in the space provided on this line. Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent). Skip **Line 12.** and proceed to **Line 13.** If the resulting Tenant Rent is a <u>negative</u> number (less than $0), enter $0 and proceed to **Line 12.**
12.	Where the Utility Allowance exceeds the TTP, the tenant family is entitled to a **Utility Reimbursement** in the amount that the utility allowance exceeds the TTP. In the space provided on this line, enter the amount by which the appropriate Utility Allowance (**Line 10.**) exceeds the TTP (**Line 9.**). Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent).

E. *Public Housing Rent Worksheet*

Public Housing Rent Worksheet Instructions (continued)

Line 13. through Line 18. are applicable only to a family that has elected to pay a **Flat Rent**. Where the family has elected to pay an **Income-based Rent**, skip **Line 13.** through **Line 18.**
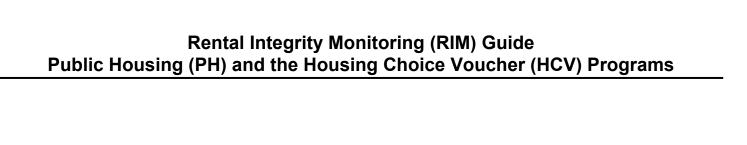
Line 13. is applicable to any family paying a Flat Rent. **Line 14.** through **Line 18.** are applicable only to a "mixed" family, eligible for prorated assistance, and paying a Flat Rent. NOTE that the HUD-50058 does not lead the PHA through the calculation of a prorated Flat Rent. However, the **Form HUD-50058 Instruction Booklet**, **Appendix III**, includes a worksheet for computing prorated Flat Rent.

Line	Instructions
13.	The PHA must have a **Flat Rent** schedule establishing flat rents for all of its units. Review this schedule and determine the flat rent applicable to this dwelling unit. Record this amount in the space provided on this line. Cross check with HUD-50058, line 10b.
14.	Enter the **Maximum Rent** established by the PHA for this type of unit, in the space provided on this line. (NOTE: This is the same determination as was made on **Line 4.**). PHAs should maintain documentation on the calculation of Maximum Rent for various unit sizes. To calculate Maximum Rent, the PHA should list all of the TTPs paid by all of the tenants in all of the units of this particular size in the PHA's jurisdiction. Generally, this should produce a wide range of TTPs, from low dollar amounts to high dollar amounts. The PHA would then identify the specific TTP that falls at the 95th percentile – in other words, the specific TTP where 95% of the other TTPs are <u>less than</u> the chosen TTP and 5% of the other TTPs are <u>more than</u> the chosen TTP. This chosen TTP is the **Maximum Rent**. NOTE that this is <u>not</u> the same as averaging all of the TTPs, then computing 95% of that average. For more guidance, refer to HUD Guidebook 7465.7: <u>Restriction on Assistance to Noncitizens</u>.
15.	Compute the **Family Maximum Subsidy** for this family. This figure is determined by first identifying the Flat Rent (**Line 13.**) for the unit. The Flat Rent is then subtracted from the Maximum Rent (**Line 14.**). The result is the **Family Maximum Subsidy**. Enter this amount in the space provided on this line.
16.a.	Identify the total number of family members in the household, including any members who are not citizens and who do not have eligible immigration status. This does <u>not</u> include live-in aides, foster children/adults, or other residents not listed on the dwelling lease as family members. Refer back to section *A. Family Composition* of the tenant file review checklist to confirm the number of family members. (NOTE: This is the same determination as was made on **Line 6.a.**). Enter this number in the space provided on this line.

E.	Public Housing Rent Worksheet

Public Housing Rent Worksheet Instructions (continued)

Line	Instructions
16.b.	Of the total number of family members identified on **Line 16.a.**, identify the number of members that are <u>eligible</u> for rent subsidy, based on the Noncitizen rule. This means the number of family members who have been verified to be citizens or verified to have eligible immigration status. It also includes family members where verification is "pending." Again, refer back to section **A. Family Composition** of the tenant file review checklist to confirm the family members with and without citizenship or eligible immigration status. (NOTE: This is the same determination as was made on **Line 6.b.**). Enter this number in the space provided on this line.
17.	Compute the **Total Rent Subsidy** for which this "mixed" family is eligible. Take the Family Maximum Subsidy (**Line 15.**), divide this number by the total number of family members in the household (**Line 16.a.**), then multiply the result by the total number of eligible family members (**Line 16.b.**). Enter the result in the space provided on this line.
18.	Compute the **Flat Rent** for this "mixed" family. Take the Maximum Rent for this unit (**Line 14.**) and subtract the Total Rent Subsidy for which this "mixed" family is eligible (**Line 17.**). Enter this amount in the space provided on this line. This amount should have been entered on HUD-50058, line 10b., as the "Unit's flat rent."

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F. Section 8 HCV Rent and HAP Worksheet

Total Tenant Payment (TTP)

1.a.	Monthly Income (Annual Income ÷ 12):	$
b.	10% of Monthly Income (**Line 1.a.** X 0.10):	$
c.	Monthly Adjusted Income (Adjusted Income ÷ 12):	$
d.	30% of Monthly Adjusted Income (**Line 1.c.** X 0.30):	$
e.	Welfare Rent (if applicable):	$
f.	Minimum Rent:	$
g.	"Enhanced Voucher" Minimum Rent (if applicable):	
2.	**TOTAL TENANT PAYMENT (TTP)**	$

- Highest of **Line 1.b., 1.d., 1.e., 1.f.** or **1.g.**

Payment Standard

Recent Admission / Mover / Portability-In / Enhanced Voucher Family:

3.	Payment Standard :	$

Reexamination Family:

						Yes	No	Unclear
4.	Current Payment Std. based on:	**a.** actual unit size: $	**b.** subsidy std.: $					
5.	Prior Payment Std. based on:	**a.** actual unit size: $	**b.** subsidy std.: $					
6.a.	Based on actual unit size – current Pay. Std. *increased* or *remained the same* over prior Pay. Std.?							
b.	If "Yes", record Current reexam Payment Std., based on actual unit size, from **Line 4.a.** $							
c.	If "No", record Prior reexam Payment Std., based on actual unit size, from **Line 5.a.** $							
7.a.	Based on subsidy std. – current Pay. Std. *increased* or *remained the same* over prior Pay. Std.?							
b.	If "Yes", record Current reexam Payment Std., based on subsidy std., from **Line 4.b.** $							
c.	If "No", record Prior reexam Payment Std., based on subsidy std., from **Line 5.b.** $							
8.	Payment Standard :					$		

Gross Rent and Total HAP

9.	Rent to Owner:	$
10.	Utility Allowance:	$
11.	**Gross Rent** (**Line 9.** + **Line 10.**):	$
12.a.	Payment Standard (**Line 3.** or **Line 8.**) minus TTP (**Line 2.**):	$
b.	Gross Rent (**Line 11.**) minus TTP (**Line 2.**):	$

c.   **Total Housing Assistance Payment (HAP)** = Lowest of **Line 12.a.** or **Line 12.b.** : **$**

F. Section 8 HCV Rent and HAP Worksheet

Family Rent to Owner and HAP to Owner (Non-prorated)

Recent Admission / Mover / Portability-In Family:

13.a.	40% of Monthly Adjusted Income (**Line 1.c.** x 0.40):	$
b.	**Total Family Share of Rent** = (**Line 11.** minus **Line 12.c.**) <= **Line 13.a.**	$

Reexamination / Enhanced Voucher Family:

14.	**Total Family Share of Rent** = **Line 11.** minus **Line 12.c.** :	$

15.	**HAP to Owner** (Lowest of **Line 9.** or **Line 12.c.**):	$
16.	**Family Rent to Owner** (**Line 9.** minus **Line 15.**):	$
17.	**Utility Reimbursement** = **Line 12.c.** minus **Line 15.**, not to exceed **Line 10.** :	$

Family Rent to Owner and HAP to Owner (Prorated)

18.	Total Non-prorated HAP (**Line 12.c.**):	$
19.a.	Total Number of family members:	
b.	Number of family members eligible for prorated rent subsidy	
20.	**Total Prorated HAP** = (**Line 19.b.** ÷ **Line 19.a.**) X **Line 18.** :	$
21.	**Prorated Family Share of Rent** (**Line 11.** minus **Line 20.**):	$
22.	**Prorated Family Rent to Owner** (**Line 21.** minus **Line 10.**):	$
23.	**Prorated HAP to Owner**:	$

- **Line 9.** minus **Line 22.**, if **Line 22.** is positive
- **Line 9.**, if **Line 22.** is negative

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions

This worksheet checklist covers various calculations of rent and assistance payments which the PHA must make in the Section 8 Voucher program. This is a fairly detailed process, though not particularly complicated. The calculations are basic mathematical calculations. At different points in the process, the PHA makes various logical decisions, based on the numbers, which then lead the PHA on to the next set of calculations.

No standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. Most PHAs use some form of computer-based system or software application to calculate rent and HAP, based on figures entered by PHA staff. Remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts. In this respect, the tenant file review process is more than an exercise in checking math.

For purposes of the tenant file review, it's important for the HUD reviewer to understand how these calculations are made and not rely solely on the results generated through computer-based applications. By walking through the calculations, step-by-step, the HUD reviewer will get a clearer picture of the accuracy of the calculations and, more importantly, the key decision points in the process and <u>why</u> certain calculations are made in a certain manner. Ultimately, this will enable the HUD reviewer to better troubleshoot any PHA errors or misunderstandings and provide better technical assistance. In this respect, the rent and HAP review process should be more than simply an exercise in checking math.

Housing Conversion Actions: **Certain voucher-assisted families may have received their housing voucher pursuant to a housing conversion action, such as a project-based preservation prepayment, a project-based owner opt-out, a HUD enforcement action or a HUD property disposition.**

When a family receives a voucher in this manner, they may elect to <u>stay</u> in the project where they already reside (possibly the same unit) and use their voucher assistance in that project (note that certain restrictions apply in these circumstances). Where the family chooses to stay and is eligible to do so, the family may qualify for *enhanced* voucher assistance. This *enhanced* assistance may impact the payment standard applied to the family, the family's rent and the HAP payments made for the family.

Housing conversion actions and their relationship to Section 8 tenant-based assistance are thoroughly discussed in HUD Notice 2001-41 (HA), issued 11/14/2001. When reviewing a tenant file for a family receiving **enhanced** voucher assistance, refer to Notice 2001-41 for guidance on determining the appropriate family rent and HAP.

Line	Instructions
	Use **Line 1.a.** through **Line 2.** to compute **Total Tenant Payment (TTP)**.
1.a.	**Monthly Income** is unadjusted income. Compute Monthly Income by dividing Annual Income by **12**. If you used the Annual Income table on the *Annual Income and Assets Worksheet* to calculate Annual Income, refer to **Line 4.** of that table. Otherwise, identify Annual Income from the tenant file record. Insert Monthly Income in the space provided on this line. Cross check this amount with HUD-50058, line 9a.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
1.b.	Compute 10% of Monthly Income by multiplying the result on **Line 1.a.** times **0.10**. Insert the result in the space provided on this line. Cross check this amount with HUD-50058, line 9c.
1.c.	Compute **Monthly Adjusted Income** by dividing Adjusted Income by 12. If you used the *Adjusted Income Worksheet* to compute Adjusted Income, refer to **Line 25.** of that worksheet. Otherwise, identify Adjusted Income from the tenant file record. Insert Monthly Adjusted Income in the space provided on this line. Cross check this amount with HUD-50058, line 9d.
1.d.	Compute 30% of Monthly Adjusted Income by multiplying the result on **Line 1.c.** times **0.30**. Insert the result in the space provided on this line. Cross check this amount with HUD-50058, line 9f.
1.e.	**Welfare Rent** is only applicable where the family is receiving welfare assistance and the welfare assistance agency specifically designates a portion of the assistance for shelter and utilities. This designated portion may also be adjusted by the Welfare Agency in accordance with the family's actual cost of shelter and utilities. Welfare Rent is used in only a limited number of areas nationwide. Insert the Welfare Rent figure in the space provided on this line. If none, insert $0. Cross check this amount with HUD-50058, line 9g.
1.f.	PHAs must adopt a **Minimum Rent** policy for Section 8 HCV-assisted families. The minimum rent established by the PHA may range anywhere from $0 to $50. The minimum rent policy is outlined in the PHA's Administrative Plan. Insert the minimum rent amount in the space provided on this line. Cross check with HUD-50058, line 9h. Where the PHA "waived" Minimum Rent for this family, insert $0.
1.g.	Families assisted with *enhanced* voucher assistance have a special statutory minimum rent requirement. The law requires that the family pay <u>no less than</u> the rent the family was paying on the date of the eligibility event for the project in question. (The eligibility event is the expiration date of the expiring project-based contract, in the case of owner opt-outs, and is the effective date of the prepayment of the mortgage or voluntary termination of the mortgage insurance, in the case of preservation prepayments). If the family's income subsequently decreases to significant extent from the gross income on the date of the eligibility event, the minimum rent is recalculated. The *enhanced* voucher minimum rent only applies if the family remains in the project, and does not apply if the family takes the voucher assistance and moves from the project. If the tenant file under review is a tenant family receiving *enhanced* voucher assistance, enter the **Enhanced Voucher Minimum Rent** in the space provided. Cross check with HUD-50058, line 9i.
2.	Compute the **Total Tenant Payment (TTP)** for this family, based on the <u>larger</u> of **Line 1.b., Line 1.d., Line 1.e. Line 1.f.**, or **Line 1.g.** Insert TTP in the space provided on this line. Cross check PHA calculations of TTP with HUD-50058, line 9j. and with HUD-50058, line 12r.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line 3. **through** Line 8. **address** Payment Standards.

Each PHA establishes a schedule of payment standard amounts by bedroom size. The range of possible payment standard amounts is based on HUD's published Fair Market Rent (FMR) schedule for the area(s) in which the PHA has jurisdiction. FMRs are based on either the 40th or 50th percentile of rents charged for standard rental housing in the FMR area. A PHA may set its payment standard amounts anywhere from 90% to 110% of the published FMRs, or higher or lower with HUD approval. The level at which payment standard amounts are set will directly affect the amount of subsidy a family will receive and the amount of rent they will pay

In general, the payment standard amount applied to a Section 8 HCV family must be the <u>lower</u> of:
- Payment standard amount appropriate for the family's size and composition, based on the PHA's subsidy standards, or
- Payment standard amount appropriate for the size of the unit actually leased by the family.

Payment standards will vary, based on whether the unit is a special housing type:

a. **For an individual receiving HCV assistance in a** *Single Room Occupancy (SRO)* **unit, the payment standard used is 75% of the zero (0) bedroom payment standard on the PHA's schedule. If the unit is in an "exception" rent area, the payment standard used is 75% of the zero (0) bedroom "exception" payment standard**

b. **For any family receiving voucher assistance in a** *Congregate Housing* **unit:**
- If there is only one (1) room in the private living area for the assisted family, the payment standard used is the zero (0) bedroom payment standard on the PHA's schedule.
- If there are two (2) or more rooms in the private living area for the assisted family, the payment standard used is the one (1) bedroom payment standard on the PHA's schedule.

c. For any family receiving voucher assistance in a ***Group Home***, the payment standard used is the lower of:
- The payment standard for the family unit size, based on the PHA's subsidy standards, or
- The family's pro-rata share of payment standard based on the size of the entire Group Home

d. For any family receiving voucher assistance in ***Shared Housing***, the payment standard used is the lower of:
- The payment standard for the family unit size, based on the PHA's subsidy standards, or
- The family's pro-rata share of payment standard based on the Shared Housing unit size

e. For any family receiving voucher assistance in a ***Cooperative Housing*** unit, the payment standard used is the payment standard applicable to the Cooperative Housing unit size, based on the PHA's schedule.

f. For any family receiving voucher assistance to lease a ***Manufactured Home Space***, the payment standard is drawn from a separate schedule developed by the PHA specifically for Manufactured Home spaces. This separate schedule establishes payment standards at 90% to 110% of the Fair Market Rents (FMRs) for Manufactured Home spaces (which are set at 40% of the normal two bedroom FMRs).

Note that, for any family receiving ***enhanced*** voucher assistance, a special payment standard is used. For such families, the payment standard is the <u>Gross Rent</u> for the unit, regardless of whether the Gross Rent exceeds the PHA's normal payment standard, based on the PHA's schedule.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

If the tenant family under review is a reexamination **family, the HUD reviewer will need to determine if the PHA has taken any of the following actions since the previous reexamination (or admission, if this is the first reexamination):**

- **The PHA has <u>increased</u> the Payment Standard applicable to this family or area;**
- **The PHA has <u>decreased</u> the Payment Standard applicable to this family or area;**
- **The PHA has adopted new Subsidy Standards governing the size of unit appropriate for the family, resulting in a Payment Standard that is <u>higher</u> than the family's previous Payment Standard.**
- **The PHA has adopted new Subsidy Standards governing the size of unit appropriate for the family, resulting in a Payment Standard that is <u>lower</u> than the family's previous Payment Standard.**

If so, there are specific requirements governing the applicability of new payment standards to the family. Use **Line 4.** through **Line 8.** to compute the appropriate payment standard for any **reexamination** family.

Use Line 3. **to record the appropriate payment standard to use for any family that is a** recent admission **family, a** mover **family (moving with continued assistance within the PHA's jurisdiction), a** portability-in **family, or for a family receiving** enhanced **voucher assistance.**

Line	Instructions
3.	***Recent Admission / Mover / Portability-In / Enhanced Voucher family:*** Review the family's composition and characteristics (refer to ***Section A. Family Composition*** of the tenant file review checklist) and identify the size of the unit the family qualified for at admission, based on the PHA's subsidy standards. This information should be recorded on the family's <u>Housing Voucher</u> (HUD-52646) and other PHA file materials. Using the PHA's Payment Standard schedule, determine the payment standard appropriate to this unit size. Review the HQS inspection report and identify the actual number of bedrooms in the unit occupied by the family (refer to ***Section C. Dwelling Unit*** of the tenant file review checklist). This information should be recorded on the <u>Request for Tenancy Approval</u> (HUD-52517). Using the PHA's Payment Standard schedule, determine the payment standard appropriate to this unit size. Compare the two payment standard amounts and select the <u>lower</u> of the two amounts. For a family receiving ***enhanced*** voucher assistance, select the payment standard that is equal to the Gross Rent of the unit (gross rent will be computed on **Line 11.**). Record the Payment Standard amount in the space provided on this line. Cross check with HUD-50058, line 12j.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
4.a.	***Reexamination family:*** Review the HQS inspection report and identify the actual number of bedrooms in the unit occupied by the family (refer to ***Section C. Dwelling Unit*** of the tenant file review checklist). Using the PHA's Payment Standard schedule which was in effect at the time of the <u>**current**</u> reexamination effective date, identify the payment standard appropriate to this unit size. Record this current payment standard in the space provided on this line.
4.b.	Review the family's composition and characteristics (refer to ***Section A. Family Composition*** of the tenant file review checklist) and identify the size of the unit the family qualified for, based on the PHA's subsidy standards in effect at the time of the <u>**current**</u> reexamination effective date. Using the PHA's Payment Standard schedule which was in effect at the time of the <u>**current**</u> reexamination effective date, determine the payment standard appropriate to this unit size. Record this current payment standard in the space provided on this line.
5.a.	Ensure that you have the PHA's Payment Standard schedule which was in effect at the time of the immediate <u>**prior**</u> reexamination effective date (or at the time of admission, if this is the first reexamination). From this Payment Standard schedule, identify the appropriate payment standard for the family, based on the actual size of the unit occupied by the family. Record this current payment standard in the space provided on this line. NOTE: Because this is a **Reexamination** family, the family should be occupying the same unit at the current reexamination as they were at the prior reexamination/admission. Therefore, the unit size for the prior reexamination/admission should be the same as recorded under ***Section C. Dwelling Unit*** of the tenant file review checklist.
5.b.	Ensure that you have the PHA's Subsidy Standard schedule which was in effect at the time of the immediate <u>**prior**</u> reexamination effective date. Using this Subsidy Standard schedule, identify the size of the unit the family qualified for under the applicable subsidy standard. Based on the size of the unit family qualified for, identify the appropriate payment standard for that unit size. Record this current payment standard in the space provided on this line.
6.a.	Compare the payment standard for the actual size of the unit occupied by the family from the <u>**current**</u> reexamination (**Line 4.a.**) with the payment standard for the actual size of the unit occupied by the family from the <u>**prior**</u> reexamination (**Line 5.a.**). Determine if the <u>**current**</u> payment standard amount *increased* or *remained the same*, relative to the <u>**prior**</u> payment standard amount. If the answer is "Yes", go to **Line 6.b.** If the answer is "No", go to **Line 6.c.**

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
6.b.	Where the answer to the question on **Line 6.a.** is "Yes", this would indicate that either: • The PHA had revised its Payment Standard schedule and the payment standard amount for this unit had *increased*, or • The PHA had revised its Payment Standard schedule but the payment standard amount for this unit had *remained the same*, or • The PHA had <u>not</u> revised its Payment Standard schedule and the payment standard amount for this unit had *remained the same*. In any event, if the answer to the question on **Line 6.a.** is "Yes", copy the payment standard amount from **Line 4.a.** into the space provided on this line.
6.c.	Where the answer to the question on **Line 6.a.** is "No", this would indicate that the PHA had revised its Payment Standard schedule and the payment standard amount for this unit had *decreased*. If the answer to the question on **Line 6.a.** is "No", copy the payment standard amount from **Line 5.a.** into the space provided on this line.
7.a.	Compare the payment standard for the size of the unit family qualified for, based on subsidy standard, from the <u>**current**</u> reexamination (**Line 4b.**) with the payment standard for the size of the unit family qualified for, based on subsidy standard, from the <u>**prior**</u> reexamination (**Line 5b.**). Determine if the <u>current</u> payment standard amount *increased* or *remained the same*, relative to the <u>prior</u> payment standard amount. If the answer is "Yes", go to **Line 7.b.** If the answer is "No", go to **Line 7.c.**
7.b.	Where the answer to the question on **Line 7.a.** is "Yes", this would indicate that either: • The PHA had revised its Subsidy Standard schedule and that, based on the size of the unit the family qualified for, the payment standard amount for this family had *increased*, or • The PHA had revised its Subsidy Standard schedule but the payment standard amount for this family had *remained the same*, or • The PHA had <u>not</u> revised its Subsidy Standard schedule and the payment standard amount for this family had *remained the same*. In any event, if the answer to the question on **Line 7.a.** is "Yes", copy the payment standard amount from **Line 4.b.** into the space provided on this line. NOTE: This determination assumes that the family's size and composition have remained the same from the prior reexamination to the current reexamination. Where the family's size and composition have <u>changed</u> from the prior reexamination to the current reexamination, and this change results in a different subsidy standard applicable to this family, then copy the copy the payment standard amount from **Line 4.b.** into the space provided on this line, regardless of whether that payment standard amount has *increased*, *remained the same* or *decreased*.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
7.c.	Where the answer to the question on **Line 7.a.** is "No", this would indicate that the PHA had revised its Subsidy Standard schedule and that, based on the size of the unit the family qualified for, the payment standard amount for this unit had **decreased**. If the answer to the question on **Line 7.a.** is "No", copy the payment standard amount from **Line 5.b.** NOTE: Again, this determination assumes that the family's size and composition have remained the same from the prior reexamination to the current reexamination. Where the family's size and composition have changed from the prior reexamination to the current reexamination, and this change results in a different subsidy standard applicable to this family, then do not record any amount on this **Line 7.c.** Instead, as instructed earlier, copy the payment standard amount from **Line 4.b.** into the space provided on **Line 7.b.**, regardless of whether that payment standard amount has **increased**, **remained the same** or **decreased**.
8.	**1ˢᵗ:** Refer back to **Line 6b.** and **Line 6.c.** One of these two lines, but not both, should have a payment standard amount recorded. This is the payment standard amount appropriate to the *actual size of the unit occupied by the family*, to be used at the current reexamination. • A basic program requirement is that, when the PHA lowers the payment standard applicable to the family's actual unit size, this lower standard will not apply to families who have already leased units under the higher standard until they move to a new unit, have a change in family size or composition, *or at the second annual reexamination after the PHA lowers its payment standard.* So the PHA will not apply this lower payment standard if this is only the first reexamination after the standard was lowered. **2ⁿᵈ:** Refer back to **Line 7.b.** and **Line 7.c.** One of these two lines, but not both, should have a payment standard amount recorded. This is the payment standard amount appropriate to the *size of the unit the family qualified for*, based on the subsidy standard, to be used at the current reexamination. • A basic program requirement is that, when the PHA revises its Subsidy Standard schedule and this results in a lower payment standard applicable to the family's size and composition, this lower standard will not apply to families who have already leased units under the higher standard until they move to a new unit, have a change in family size or composition, *or at the second annual reexamination after the PHA has revised its Subsidy Standard schedule.* So the PHA will not apply this lower payment standard if this is only the first reexamination after the Subsidy Standard was revised and the resulting payment standard was lowered. **3ʳᵈ:** Compare the payment standard amount recorded on **Line 6.b.** or **Line 6.c.** with the payment standard amount recorded on **Line 7.b.** or **Line 7.c.** Whichever payment standard amount is the lower of these two amounts, this is the payment standard amount to use for this family at the current reexamination when computing rent and Housing Assistance Payments. Record the Payment Standard amount in the space provided on this line. Cross check with HUD-50058, line 12j.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line 9. through **Line 12.c.** represent the calculation of the **Total Housing Assistance Payment (HAP)**, for which the owner of the unit is eligible. HAP is the lower of:

- The Payment Standard for the unit, minus the TTP

- The Gross Rent of the unit, minus the TTP.

Where the family is receiving voucher assistance in a special housing type unit, the following circumstances will impact the calculation of HAP:

a. When calculating the Gross Rent for an individual receiving voucher assistance in a *Single Room Occupancy (SRO)* unit, the utility allowance used is 75% of the zero (0) bedroom utility allowance based on the PHA's schedule.

b. When calculating HAP for a family receiving voucher assistance in a *Congregate Housing* unit, the Gross Rent amount is the shelter portion of the monthly housing expense. This amount includes utilities, but does not include food service.

c. When calculating Gross Rent for a family receiving voucher assistance in a *Group Home*, the utility allowance used is the family's pro-rata share of the utility allowance based on the entire Group Home.

d. When calculating Gross Rent for a family receiving voucher assistance in *Shared Housing*, the utility allowance used is the family's pro-rata share of the utility allowance based on the entire Shared Housing unit.

e. When calculating Gross Rent for a family receiving voucher assistance in a *Cooperative Housing* unit, the Gross Rent equals the monthly unit "carrying" charge, plus the normal utility allowance based on the PHA's schedule.

f. When calculating HAP for a family receiving voucher assistance to lease a *Manufactured Home Space*, the Gross Rent represents the amount paid for the manufactured home space rental and the utility allowance is based on a separate utility allowance schedule developed by the PHA specifically for manufactured home spaces.

Line	Instructions
9.	Record the **Rent to Owner** in the space provided on this line. Rent to Owner is the full rent the owner is charging for the unit, including any utilities that the owner provides under the lease. For a **recent admission**, **mover**, or **portability-in** family, the rent that the owner proposed to charge for the unit should represent the "Rent to Owner" amount on the Request for Tenancy Approval (HUD-52517). If the PHA determined that the owner's proposed rent was not rent reasonable and the owner subsequently changed the rent amount, then the Rent to Owner will be this revised amount. For a **reexamination** family, if there had been an increase in the rent to the owner since the last reexamination (or admission, if this is the first reexamination), or if a rent increase was proposed concurrent with this reexamination, then the Rent to Owner should match this amount. Where there has been no increase in rent to owner, nor is a rent increase proposed, the Rent to Owner should be the same as the rent to owner from the last reexamination (or admission, if this is the first reexamination). Cross check with HUD-50058, line 12k

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F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
10.	Where the family is responsible for paying some or all of the utilities in the unit, identify the **Utility Allowance** provided to this family for tenant-supplied utilities. If you used the *Dwelling Unit / Utility Allowance Worksheet* to calculate the family's utility allowance, refer to the utility allowance table on that worksheet. Otherwise, identify the utility allowance from the tenant file record. Enter this number in the space provided on this line. Cross check with HUD-50058, line 12m. Where the family is not responsible for paying any utilities in the unit, the amount recorded for Utility Allowance should be $0.
11.	Compute **Gross Rent** by adding the Rent to Owner (**Line 9.**) and the appropriate Utility Allowance (**Line 10.**) Enter the result in the space provided on this line. Cross check with HUD-50058, line 12p.
12.a.	Identify the payment standard used for the family – **Line 3.** for a **recent admission** / **mover** / **portability-in** / **enhanced voucher** family; **Line 8.** for a **reexamination** family. Note that, for a family receiving *enhanced* voucher assistance, the payment standard is the Gross Rent for the unit, regardless of whether the Gross Rent exceeds the PHA's normal payment standard, based on the PHA's schedule. Identify the TTP for the family (**Line 2.**). Subtract the TTP from the payment standard and record the result in the space provided on this line.
12.b.	Identify the Gross Rent for the unit (**Line 11.**). Identify the TTP for the family (**Line 2.**). Subtract the TTP from the Gross Rent and record the result in the space provided on this line.
12.c.	Record the lowest of the amounts from **Line 12.a.** or **Line 12.b.** This represents the **Total Housing Assistance Payment (HAP)**. Cross check with HUD-50058, line 12s. Note that, when calculating HAP for *enhanced* voucher assistance families, there will be no difference between the calculation of Payment Standard minus TTP and the calculation of Gross Rent minus TTP.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

The Family Share of Rent is the family's contribution toward the *Gross* Rent for the unit. The Family Share may be the same as the TTP or may be a higher amount, depending on the unit the family selects. Where the family leases a unit with a Gross Rent that is <u>less than</u> or <u>equal to</u> the Payment Standard, the Family Share will be the same as the TTP.

For a **recent admission**, **mover**, or **portability-in** family, where the family leases a unit with a Gross Rent that is <u>greater than</u> the Payment Standard, the Family Share of Rent will be the TTP <u>plus</u> the amount by which the Gross Rent exceeds the Payment Standard, <u>but not to exceed</u> the "maximum initial rent burden." The maximum initial rent burden imposes an upper limit on the amount of Family Share of Rent only at the <u>initial</u> leasing of a particular dwelling unit.

For a **reexamination** family, the determination of "maximum initial rent burden" does <u>not</u> apply. So, where a reexamination family leases a unit with a Gross Rent that is <u>greater than</u> the Payment Standard, the Family Share of Rent will be the TTP <u>plus</u> the amount by which the Gross Rent exceeds the Payment Standard.

Note also that the "maximum initial rent burden" does <u>not</u> apply to a family receiving *enhanced* voucher assistance, who elects to stay in the unit they were already occupying under project-based assistance.

Line 13.a. through **Line 17.** represent the calculation of **Family Rent to Owner** and **HAP to Owner** for families who are <u>not</u> "mixed" families and will <u>not</u> have their housing assistance prorated.

Line	Instructions
13.a.	*Recent Admission / Mover / Portability-In family:* Compute 40% of the family's Adjusted Monthly Income by taking **Line 1.c.** and multiplying by **0.40**. Record the result in the space provided on this line. When the Gross Rent for the unit exceeds the Payment Standard, this typically means that the family will be obligated to pay a relatively larger portion of their income for their share of the rent. While this is allowable in the housing choice voucher program, there is an upper limit or ceiling on the amount of rent a family can pay relative to their income. This upper limit or ceiling is known as the **Maximum Initial Rent Burden**. The Family Share of Rent may not exceed 40% of the family's Adjusted Monthly Income. This restriction only applies to the initial leasing and initial assisted occupancy in a particular unit. It would not apply to any subsequent rent increases during the family's assisted occupancy in that same unit.
13.b.	Compute **Family Share of Rent** by subtracting the **Total HAP** (**Line E.12.c.**) from the **Gross Rent** (**Line E.11.**), <u>but not to exceed</u> the amount on **Line E.13.a.** Record the result in the space provided on this line. Cross check with HUD-50058, line 12t.
14.	*Reexamination / Enhanced Voucher family:* Compute **Family Share of Rent** by subtracting the **Total HAP** (**Line 12.c.**) from the **Gross Rent** (**Line 11.**). Record the result in the space provided on this line. Cross check with HUD-50058, line 12t.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Use **Line 15.** through **Line 17.** to compute the **Family Rent to Owner** and the **HAP to Owner** for all families.

The Family Rent to Owner is the actual amount of rent the family will pay to the owner for the unit. The Family Rent to Owner may be different from the Family Share of Rent, computed earlier, if the family is responsible for paying some or all of the utilities at the unit. The PHA must also consider whether the family is entitled to a **Utility Reimbursement**.

Lines	File Review Guidance
15.	Compute the actual **HAP to Owner** by taking the <u>lowest</u> of the **Rent to Owner** (**Line 9.**) or the **Total HAP** (**Line 12.c.**). Record the result in the space provided on this line. Cross check with HUD-50058, line 12u.
16.	Compute **Family Rent to Owner** by subtracting the actual **HAP to Owner** (**Line 15.**) from the **Rent to Owner** (**Line 9.**). Record the result in the space provided on this line. Cross check with HUD-50058, line 12v.
17.	Determine the **Utility Reimbursement** (if any) that the family may be entitled to. Subtract the actual **HAP to Owner** (**Line 15.**) from the **Total HAP** (**Line 12.c.**), <u>but not to exceed</u> the actual **Utility Allowance** (**Line 10.**). Record the result in the space provided on this line. Cross check with HUD-50058, line 12w.

A specific tenant family may include <u>both</u> members who are citizens or have eligible immigration status <u>and</u> members who are not citizens or do not have eligible immigration status (or elect not to state whether they have eligibility status). Such a family is considered a "mixed" family. For a "mixed" family, the amount of housing assistance must be prorated based on the percentage of family members with citizenship or eligible immigration status.

Line 18. through **Line 23.** represent the calculation of prorated **Family Rent to Owner** and prorated **HAP to Owner** for families who are "mixed" families.

Line	Instructions
18.	Copy the **Total HAP** (non-prorated) calculated in the normal manner, from **Line 12.c.** Cross check the result with HUD-50058, line 12ab.
19.a.	Identify the total number of family members in the household, including any members who are not citizens and who do not have eligible immigration status. This does <u>not</u> include live-in aides, foster children/adults, or other residents not listed on the dwelling lease as family members. Refer back to section **A. Family Composition** of the tenant file review checklist to confirm the number of family members. Enter this number in the space provided on this line. Cross check with HUD-50058, line 12ad.

F. Section 8 HCV Rent and HAP Worksheet

Section 8 HCV Rent and HAP Worksheet Instructions (continued)

Line	Instructions
19.b.	Of the total number of family members identified on **Line 19.a.**, identify the number of members that are <u>eligible</u> for rent subsidy, based on the Noncitizen rule. This means the number of family members who have been verified to be citizens or verified to have eligible immigration status. It also includes family members where verification is "pending." Again, refer back to section **A. Family Composition** of the tenant file review checklist to confirm the family members with and without citizenship or eligible immigration status. Enter this number in the space provided on this line. Cross check with HUD-50058, line 12ac.
20.	**The PHA must determine a "proration factor" based on the number of family members who are citizens or have eligible immigration status as a fraction of the total number of household members (both eligible and non-eligible).** Eligible family members (**Line 19b.**) ÷ Total family members (**Line 19.a.**) = Proration Factor Cross check this proration factor with HUD-50058, line 12ae. Multiply this proration factor by the **Total HAP** calculated in the normal manner (recorded on **Line 18.**) Total normal HAP (**Line 18.**) x Proration Factor = Total Prorated HAP The result will be the **Total Prorated HAP** for this "mixed" family. Enter this number in the space provided on this line. Cross check the result with HUD-50058, line 12af.
21.	Compute the **Prorated Family Share of Rent**. Subtract **Total Prorated HAP** (**Line 20.**) from the **Gross Rent** (**Line 11.**) Enter this number in the space provided on this line. Cross check the result with HUD-50058, line 12ag.
22.	Compute the **Prorated Family Rent to Owner** Subtract the **Utility Allowance** (**Line 10.**) from the **Prorated Family Share of Rent** (**Line 21.**). Enter this number in the space provided on this line. Cross check the result with HUD-50058, line 12ai. If the result is a <u>negative</u> number, this number represents the **Utility Reimbursement** that should be paid on behalf of the family
23.	Compute the **Prorated HAP to Owner**. If the **Prorated Family Rent to Owner** (**Line 22.**) is a <u>positive</u> number or is equal to $0, then subtract **Line 22.** from the **Rent to Owner** (**Line 9.**). Enter the result in the space provided on this line. If the **Prorated Family Rent to Owner** (**Line 22.**) is a <u>negative</u> number, then simply insert the **Rent to Owner** (**Line 9.**) figure in the space provided on this line. Enter this number in the space provided on this line. Cross check the result with HUD-50058, line 12aj.

Appendix D:
Tenant File Error Report/PHA Review Summary Report—Instructions

(Instructions for Completing/Submitting Error Tracking Reports After Completing Rental Integrity Monitoring (RIM) Reviews)

These instructions accompany the Excel workbook named "**Error Tracking Forms (Ver 5.1)"**. For each RIM review completed on a PHA, one workbook package will be submitted to HQ. This document provides instructions on how to complete the worksheets within the workbook, how to name the worksheets, how to name the workbook, as well as how and where to submit the workbook.

The Excel workbook titled "**Error Tracking Forms (Ver 5.1)"** is provided with two worksheets:
- A PHA RIM Review Summary Report (named PHArpt);
- A Tenant File Error Report (named TenantRpt (1)).

You will complete **one** PHA RIM Review Summary Report for each PHA for which a RIM review was performed. You will complete **one** Tenant File Error Report for **every** tenant family or household included in the RIM review tenant file sample. So, when you have completed the reports, while each workbook will include only **one** copy of the PHA RIM Review Summary Report worksheet, it will likely include **multiple copies** of the Tenant File Error Report, depending on the number of tenant file sample households reviewed.

PLEASE DO NOT ALTER THE FORMAT OF THE EXCEL WORKSHEETS. These worksheets are designed to be downloaded into a repository at Headquarters and must remain in their original format.

I.   **Tenant File Error Report – TenantRpt(1)**

Because you will need a copy of the Tenant File Error Report – TenantRpt(1) for *each* tenant file (household) sampled you will likely need to create additional tenant file error reports within the Excel workbook. The following section contains step-by-step instructions for creating additional tenant file error reports within the Excel workbook.

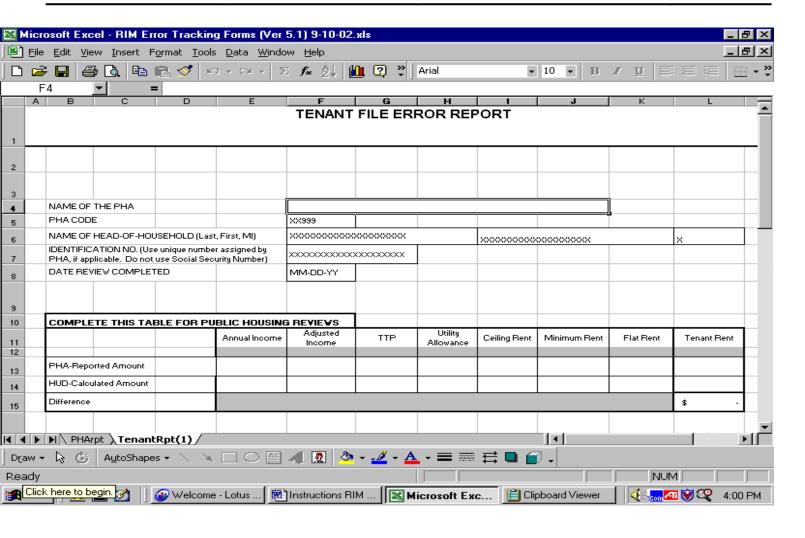A. **How to Create Copies of Tenant File Error Reports – TenantRpt(1)**

NOTE: *Create copies of the Tenant File Error Reports (labeled "TenantRpt(1)") before entering any tenant data into the worksheet. For example, if you reviewed 5 tenant files, you will need to first create 4 additional copies of the TenantRpt(1) worksheet.*

You may name each additional worksheet as you create (or copy) it or you may choose to have Excel name your additional worksheets. We suggest allowing Excel to name the worksheets when copying an existing Tenant File Error Report. This way, the new worksheets (i.e., reports) will automatically be numbered sequentially. For example, suppose you reviewed five (5) households during your RIM review of the Birmingham Housing Authority's files. You will need five (5) completed Tenant File Error Reports. Therefore, copy the original Tenant File Error Report, entitled "TenantRpt (**1**)" four times. Excel will name the additional reports as "TenantRpt (**2**)", "TenantRpt (**3**)", "TenantRpt (**4**)", and "TenantRpt (**5**)"
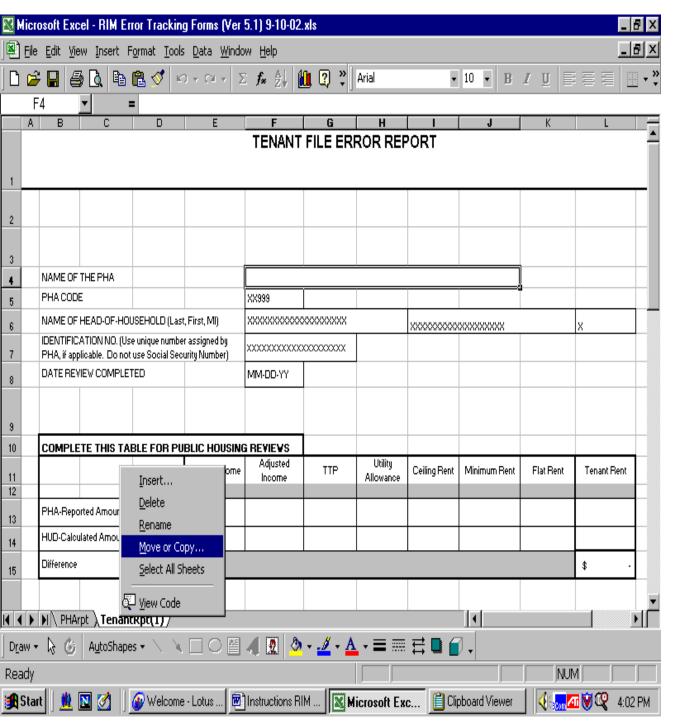
To create copies of the Tenant File Error Report and let Excel name each additional report, simply:
1. Open the Excel workbook that contains the Tenant File Error Report. If the workbook is already open, save a copy of the entire workbook so that you can revert to it in case there is a problem.
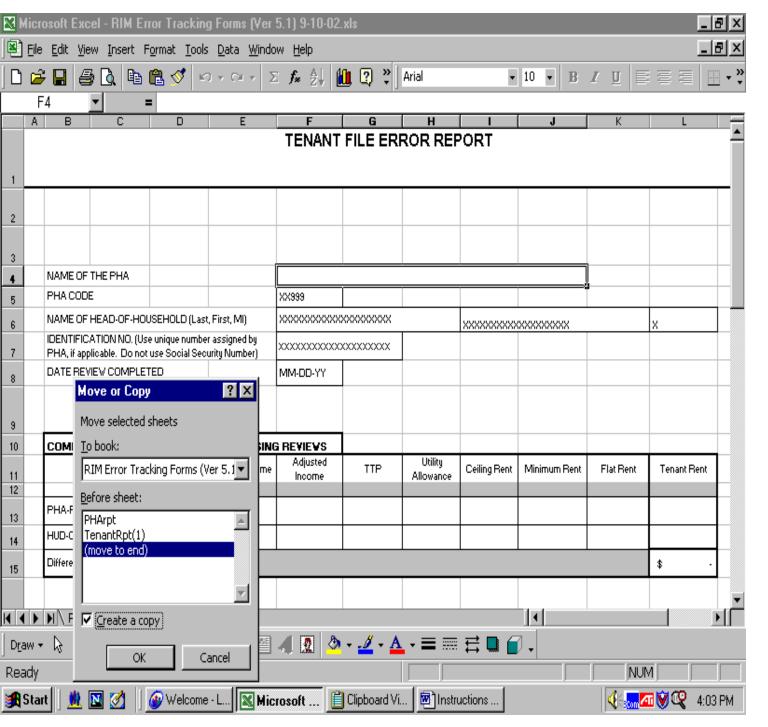2. Select the tab for the worksheet labeled "TenantRpt(1)" from the bottom left hand corner of the worksheet.

Microsoft Excel - RIM Error Tracking Forms (Ver 5.1) 9-10-02.xls

File Edit View Insert Format Tools Data Window Help

F4   =

TENANT FILE ERROR REPORT

NAME OF THE PHA	
PHA CODE	XX999
NAME OF HEAD-OF-HOUSEHOLD (Last, First, MI)	XXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXX X
IDENTIFICATION NO. (Use unique number assigned by PHA, if applicable. Do not use Social Security Number)	XXXXXXXXXXXXXXXXXXXX
DATE REVIEW COMPLETED	MM-DD-YY

COMPLETE THIS TABLE FOR PUBLIC HOUSING REVIEWS

	Annual Income	Adjusted Income	TTP	Utility Allowance	Ceiling Rent	Minimum Rent	Flat Rent	Tenant Rent
PHA-Reported Amount								
HUD-Calculated Amount								
Difference								$ -

PHArpt   TenantRpt(1)

Draw   AutoShapes

Ready   NUM

Click here to begin.   Welcome - Lotus ...   Instructions RIM ...   Microsoft Exc...   Clipboard Viewer   4:00 PM
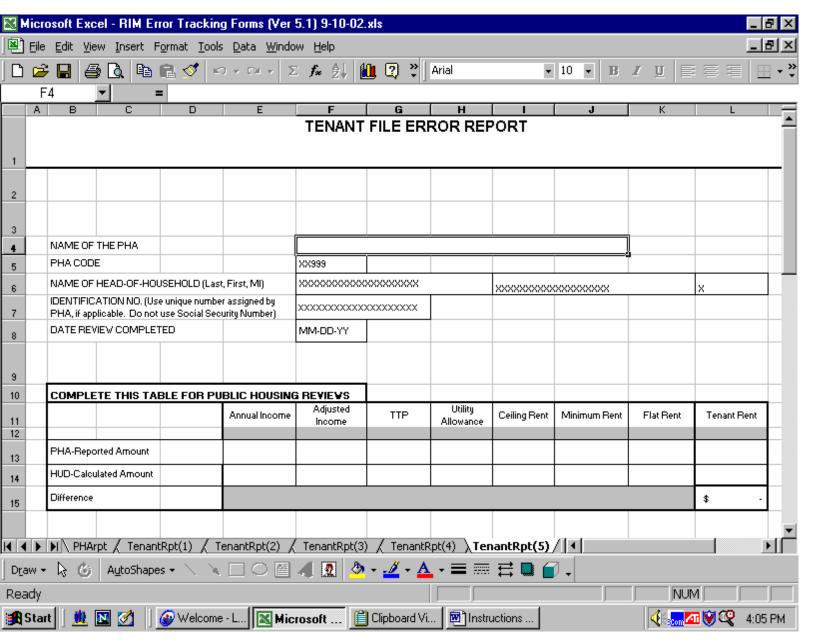
3. With the cursor over the tab, depress the right mouse button and select "Move or Copy…" A dialog box labeled "Move or Copy" will appear.

4. In the dialog box labeled "Move or Copy" select the option labeled "(move to end)" and check the checkbox labeled "Create a copy".   Then click "OK". A copy of the worksheet will be created with all the data that is currently in the sheet that you are copying.

5. Repeat steps (2) through (4) until you have as many template worksheets as you have tenant file error reports from the RIM reviews of a PHA. If you reviewed 5 case files, then make 4 copies/templates of the tenant report worksheet.

6. Select the tab for the worksheet labeled "TenantRpt(1)" from the bottom left hand corner of the worksheet, and begin your work in this worksheet.
7. Select a new worksheet each time you want to enter data for additional tenant file error reports.

B.   How to Complete a Tenant File Error Report

You will complete **one** Tenant File Error Report for **every** tenant family/household included in the RIM review. If some of the tenant family/households reviewed do not have income and rent errors, you will still complete Tenant File Error Reports for those files. Do not leave the data elements associated with income errors blank.

1.   Enter the name of the PHA being reviewed (e.g. Birmingham Housing Authority).
2.   Enter the PHA Code (e.g., AL001) of the PHA being reviewed.
3.   Enter the full name of the head of household for the file being reviewed. Enter the last name first, then the first name, then the middle initial.
4.   If applicable, enter the unique identifier assigned by the PHA to the tenant/household being reviewed. ***Do not enter the Social Security Number***. If a unique identifier is not assigned by the PHA, leave this field blank. (**Note: Because you will be submitting these reports to headquarters via Internet e-mail over a non-secured line, use of SSN is prohibited**).
5.   Enter the date when the tenant file review was completed (MM/DD/YY). Do not enter a range of dates (e.g. from 8/1/02 – 8/9/02). Enter only a single date (e.g. 08/05/02).
6.   Use one of the next two tables for entering income and rent data from the tenant/household files. Use the first table for tenants or households in Public Housing **OR** use the second table for tenants or households in the Section 8 program. Complete only one of the tables for each tenant or household reviewed.
7.   In either table, in the row titled "PHA-Reported Amount", enter the amounts reported by the PHA that are related to income and rent (e.g., Annual Income, Adjusted Income, TTP, Tenant Rent, etc.). The amounts titled "Annual Income" and "Adjusted Income" will be annual amounts. The remaining entries (TTP, Utility Allowance, etc.) will be monthly amounts.
8.   In the row titled "HUD-Calculated Amount", enter the amount the reviewer correctly calculated for each amount described in the title of each column. The reviewer should use their best judgment as well as the following guidance to determine this amount:
    a.   In certain cases it may be difficult to ascertain the HUD-calculated amounts. Such cases may include, for example, situations where there is a lack of third party verification, missing or illegible documents. Make a reasonable effort to determine a HUD-calculated amount that most closely approximates the correct amount. If the HUD-calculated rent cannot be determined for either the public housing or Section 8 program at the time of the RIM review, enter "**TBD**" (To Be Determined) in the HUD-Calculated Amount of Tenant Rent (Family Rent). The reviewer may give the PHA up to 30 days to address the errors, before the reviewer must complete and submit the reports to HQ. In this case, the reviewer would submit the error reports and follow-up reports at the same time, once the HUD-calculated rent had been determined.
    b.   Alternatively, the reviewer could choose to estimate the HUD-calculated rent and submit reports to HQ prior to the PHA correction. In this case, the corrections would be recorded during the follow-up review, and a revised EXCEL workbook would be submitted to HQ (refer to Section III A. *How to Name Excel Workbook before submission*). Generally, follow-up reviews will be conducted within 6 months of the initial review.
    c.   In certain cases, the reviewer's estimate that most closely approximates the correct amount of tenant rent or family rent may result in an apparent subsidy underpayment. For example, if the PHA failed to perform third party verifications for several years of a bank account balance that had steadily decreased. In this case, the HUD-calculated amount of tenant rent or family rent will be lower than the PHA-reported amount. Subsequently, when the follow-up review is performed and the PHA has made the necessary corrections, the differences will be resolved.
9.   In the Difference block for Tenant/Family Rent subtract the PHA-Reported Amount of monthly Tenant Rent from the HUD-Calculated Amount of monthly Tenant Rent. When entering the data into the Excel worksheet this amount is calculated automatically.
    a.   The ***Tenant Rent & Family Rent fields are critical*** and must contain numeric entries. Additionally, a "**TBD**" entry (as explained in section 8.a. above) is acceptable. Other entries, including a blank, will cause the entire file to be rejected. A zero (0) is a valid entry and will be accepted.
10.   The next section of the worksheet labeled "Types of Errors Related to The Discrepancies" contains two tables (one on the left and one on the right). Use only one of the tables for entering the different types of errors found in the review of

each household's or family's case file. Use the table on the left for tenant or households in Public Housing **OR** use the table on the right for tenant or households in the Section 8 program. Complete only one of the tables for each tenant or household reviewed. To do so, place an "X" next to the type of error(s) that resulted in a discrepancy. Each file reviewed may contain no errors, only one type of error, or multiple types of errors. Therefore, put an "X" in all boxes that apply, or leave blank if no errors.

     a. Error codes 101,102 & 103 enumerate the errors that pertain to income. Such errors may be due to lack of required 3rd party verification and/or miscalculation errors such as mathematical errors, transposition errors, incorrect use of income regulations, etc. Error code 104 enumerates errors that pertain to exclusions from income, such as errors in treating income from children under 18. Exclusions may or may not need third party verification depending on the type of exclusion. Error code 105 pertains to errors in treating deductions, including such items as dependent care expenses, disability expenses, medical expenses, etc. Error code 109 (No Form HUD 9886) includes missing or incomplete forms and forms not signed by the tenant, and should be checked as a "Miscalculation". The remaining error codes are self-explanatory.

11. If an error cannot be classified within one of the above categories, check the box "Other Errors" and explain in the Summary Description block. Also provide a brief summary of the type(s) of error(s) found.

12. Enter name of the HUD field office performing the review.

13. Enter the first and last name of the HUD reviewer.

II. <u>PHA RIM Review Summary Report – PHArpt</u>

You will complete **one** <u>PHA RIM Review Summary Report – PHArpt</u> worksheet for the PHA on which a RIM review was performed. The Workbook already contains the single copy you will need, so there should be no need to make an additional copy.

A.   How to Complete a PHA RIM Review Summary Report

1. Enter the name of the PHA being reviewed (e.g. Birmingham Housing Authority).

2. Enter the PHA Code (e.g., AL001) of the PHA being reviewed.

3. Enter the date the review was completed (MM/DD/YY). Do not enter a range of dates (e.g. from 8/1/02 – 8/9/02). Enter only a single date (e.g. 08/09/02).

4. Based on the existing risk model, select the box that best describes the risk ranking of the PHA being reviewed.

5. Under "Summary of Findings of Systemic Errors", complete one of the two charts - the left-hand chart for Public Housing reviews **OR** the right-hand chart for Section 8 reviews:

     a. Enter the total number of files included in the sample.

     b. Enter the number of files that contained errors.

     c. Excel will automatically calculate the percentage of files reviewed that contained errors.

6. Under the next section labeled "Types of Systemic Errors Related to the Discrepancies" use only one of the two checklists. Use the left-hand checklist for Public Housing reviews **OR** the right-hand checklist for Section 8 reviews. This section summarizes the findings from the Tenant File Error Reports. For each type of error related to the discrepancies listed, enter the number of tenant or household files reviewed that contain each type of systemic error.

NOTE: This section differs from the Tenant File Error Report in that it is broken down between systemic component errors and systemic administrative errors. Systemic component errors refer to income and expense items used to calculate rent often resulting from the tenant supplying incorrect information or the PHA conducting inadequate interviews. Administrative errors are calculation errors, transcription errors, failure to certify on time, etc. Rather than placing an "X" next to the type of discrepancy if there were errors, indicate the number of files reviewed that contained each type of error.

7. In the next section labeled "Systemic Findings and Recommendations," use the column titled "Number" to sequentially number each finding. Use the column titled "Error Code" to enter error codes (e.g. 101, 102, 103, etc.) from the previous section. In the column labeled "Systemic Finding Description"

enter a description if needed. It is important to note that systemic errors are those errors that constitute 30% or more of the total errors identified at one PHA. Therefore, you can use the "percentage of files with errors" located on the PHA RIM Review Summary Report to assist you in making this determination.

8. In the column titled "Corrective Action – Recommendation" enter a description of the recommended action that the PHA needs to take to improve their system and correct any errors. In the column titled "Recommended Corrective Action Code" use one of the codes from the lower left-hand key of the form that describes the needed action. Use codes 1, 2, 3 and/or 4 as needed. Enter a target date for the PHA to take the necessary corrective action. Establish a target date for the HUD field office to perform a follow-up review.

    NOTE: *Additional guidance on follow-up reviews is forthcoming. In general however, an estimated target date for follow-up should be agreed upon with the PHA. The time allowed for the PHA to implement a corrective action plan will vary significantly among PHAs. Factors that the reviewer should consider when establishing a date for follow-up review include but are not limited to size of PHA, initial risk assessment and complexity of corrective action plan. The follow-up review will usually involve selecting a new sample of tenant or household files. The new sample will be recorded on follow-up error tracking reports similar to the initial reports. The follow-up review will ensure that corrective action plans have been implemented and are functioning properly, and that initially discovered errors have been corrected. Generally, follow-up reviews will be completed within 6 months of the initial review.*

9. Enter the name of the HUD field office and the first and last name of the HUD reviewer.

III. *Submitting the Excel Workbook*

A. *How To Name Each Excel Workbook Before Submission*

1. The file name for each Excel workbook submitted must be unique! Therefore, for each PHA, create a name for its Excel workbook using the PHA's code (HACODE) and the date when the RIM review was completed. This will distinguish the specific housing authority reviewed and the date on which the RIM review was completed.
    *   For example, using this naming convention, the file name for the RIM review of the Birmingham Housing Authority (AL001) completed on 6/30/02 would be **AL001_06_30_02.xls**.
2. Each Excel workbook submitted must contain the files (i.e., Summary Review Report and all Tenant File Error Reports) for **one** PHA. This will enable us to keep the PHA RIM review summary report and the tenant file error reports tied together by housing authority code (HACODE).
3. If *after* the initial submission of a particular workbook, revisions are necessary. You may submit a *revised* Excel workbook with a **new file name** to the repository. The new file name should include the PHA's code and the revision date of the file.
    *   For example, if the workbook for the Birmingham Housing Authority (AL001) was revised on 7/15/02, the new file name should be **AL001Rev_07_15_02.xls**.

B. *How To Submit Workbooks To The Repository*

Use the following schedule as a guide to determine the submission due dates for the RIM Review Reports/Workbooks for your field office.

RIM Review Completed by:	RIM Reports Due to HQ
September 30, 2002 (4th qtr FY'02)	December 31, 2002
December 31, 2002 (1st qtr FY'03)	January 31, 2002

1. A special e-mail address has been set up to receive the completed Excel files relative to the RIM reviews performed. Transmit completed reviews to:

    Rim_Reviews@Hud.gov

Attach each individual workbook for each PHA your office reviewed to the e-mails. *In the event of a revision to a previously submitted file, it is important to note in the e-mail the nature of the revision..*

2. When the E-mail transmissions are received they will be opened and the Excel files will be saved to a folder on the server. The files will then be scanned for completion. If any required fields are incomplete the files will be rejected and returned to you by HUD Headquarters.